ay Financial Times November 12, 1975

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NEWS SUMMARY

GENERAL

Russia backs MPLA republic

n Angola's first day of independence, two rival Governments were competing for diplomatic recognition. In uanda, MPLA President gostinho Neto said that the ew "people's republic" would ave relations with all countries the world. At Ambriz, Sen. olden Roberto, whose FNLA co-operating with the smaller NITA, proclaimed a "popular nd democratic republic of ngola."

The Soviet Union quickly ecognised the MPLA Government and broke off diplomatic lations with Uganda following dispute with President Amin, hairman of the Organisation of frican Unity. The MPLA is so backed by all the other rmer Portuguese colonies.

But the MPLA republic is eing threatened by FNLA-NITA forces led by mercenaries hich crossed into Southern ngola from Namibia. MPLA regrouping its forces around ova Redondo on the coast South Luanda. Page 8

Ulster death toll hits 1,000

orthern Ireland's troubles aimed their 1,000th civilian ctim last night when a 25-year-ld Catholic was shot in his elfast home. He was the third an to die in a day of bloody uding between the Provisional d Official IRA. Two other ctims were named as Jack cAllister, 23, killed by Provos, d Comgall Casey, 19.

Heath sues newspaper

r. Edward Heath is suing mes Newspapers, Sunday mes editor Mr. Harold Evans d reporter Mr. Charles Raw, er an article entitled "What ater Walker did with Heath's oney."

Innocenti director shot

Valerio di Marco, personnel rector of Leyland Innocenti, caped serious injury when two nmen shot him at point blank nge as he was leaving for work Leyland's Milan assembly ant. Page 6

UN vote 'a blow to peace'

nited Nations resolutions pporting the PLO and denouncing Zionism were "a heavy blow the chances of peace," Israeli oreign Minister Mr. Yigal Allon id while visiting Holland. age 8.

Pneumonia fear for Franco

ne 46th bulletin on General ranco's health said the 82-year-d Spanish leader was made to t up for an hour following mptoms of pneumonia.

Cost of a hole

onservative MP Mr. Nicholas airbairn offered to stick a flagle in Parliament Square for ne-tenth the cost reported to m by the Environment Department—£85 for putting it in and 55 for pulling it out.

Briefly . . .

S. freighter Edmund Fitzerald, 13,632 tons, is feared to ave sunk in Lake Superior with l 29 hands aboard.

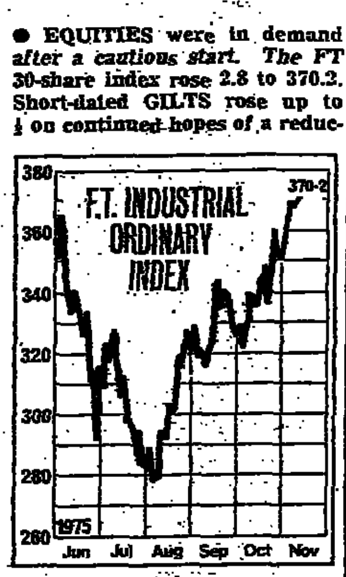
ancashire's education committee as told it could save £100,000 year by substituting vegetable rotein for meat in school inners.

ormer Beatle Paul McCartney as banned from entering Japan r a concert tour because of a ritish drug conviction two years go.

BUSINESS

Equities in demand; shortdated gilts rise

● EQUITIES were in demand *after a cautious start. The FT* 30-share index rose 2.8 to 370.2. Short-dated GILTS rose up to ¼ on continued hopes of a reduction in Minimum Lending Rate. Mediums and longs were mainly unchanged.



● STERLING lost 20 points to $2.0640; *its weighted depreciation* was unchanged at 29.3 per cent. The dollar figure was not *available because of a public* holiday.

● GOLD fell $¼ to $144¼.

● WALL STREET closed 3.07 up at 838.55 on hopes of a solution to New York's financial crisis.

● *NEW YORK CITY* budget is cut by $200m. and another 8,000 jobs are to disappear in Mayor Abraham Beame's plan to regain credibility. Page 5

● FOOD RATIONING, price *controls* and 15 per cent. cuts in top salaries are expected to be part of an austerity programme in Portugal. Page 6.

U.K. industrial output falls to 1960s level

● U.K. INDUSTRIAL output has fallen to the level of the late 1960s, after a further decline in production during the third quarter. Back Page

● BUILDING SOCIETY receipts last month were again at near-record levels. If the trend continues, there is some chance of a cut in interest rates early next year. Back Page

● PETROLEUM and Submarine Pipelines Bill receives the Royal Assent to-day. Ray Dafter discusses The end of the beginning in the North Sea. Page 16.

Car importers take 37%

● U.K. CAR registrations topped the 1m. mark by the end of October, 4.7 per cent. below the ten-month figure last year. *Importers took* 36.9 per cent. of the month's 83,572 registrations. Page 10

● BANKRUPTCIES in Britain are the highest for 60 years, and are still rising. Page 31

COMPANIES

● MINSTER ASSETS half year pre-tax profits rose to £2.53m. (£2.06m.) and a maximum permitted dividend is forecast for the year. Page 33 and Lex

● ROYAL INSURANCE is granting a £5m. 10-year loan to Brixton Estate in another example of City confidence in industrial property development. Page 10 and Lex

● FIVE MORE Haw Par Brothers International directors have resigned. Back Page

● SIEMENS, West Germany's largest private sector employer, proposes to maintain its 16 per cent. dividend for the year ended September 30. No indication of profits was given. Page 35

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

ansport 4% '72-77	£91½	+ ¼
nglo-Amer. Asphalt	145	+ 10
. of Nw Sth. Wales	650	+ 25
rratt Dev.	119	+ 4
bby (J.)	80	+ 5
oth Intl.	38	+ 4
oken Hill Prop.	725	+ 60
mmon Bros.	76	+ 12
urtaulds	154	+ 4
ill Eng.	145	+ 6
wker Siddeley	330	+ 4
ckson & Welch	282	+ 7
	310	+ 5
nd Lease	265	+ 9
cas Inds.	162	+ 7
ons (J.) "A"	156	+ 8
Corquodale	238	+ 8
ss Eng.	40	+ 3
t. Bank Aust.	310	+ 17
Reardon Smith 'A'	120	+ 11
Runciman (Walter)	108	+ 6
Stothert & Pitt	103	+ 8
TCK	105	+ 7
Tate and Lyle	259	+ 5
Tunnel Hldgs. 'B'	183	+ 10
Warren (J.)	62	+ 7
Ball & Collins	60	+ 5
Woodside-Burmah	98	+ 10
Blyvoor	670	+ 10
BH South	170	+ 10
M.I.M.	212	+ 8
Pancontinental	730	+ 30
Peko-Wallsend	465	+ 25
Sabina	100	+ 4
Western Mining	155	+ 16

FALLS

Cuthbert (R. & G.)	22	− 5½
Reed Intl.	242	− 6
Sainsbury (J.)	153	− 11
Sparrow (G. W.)	135	− 15
Middle Wit.	380	− 10

Protests as Governor-General sacks Whitlam

Australia heads for bitter poll campaign

BY KENNETH RANDALL, CANBERRA, Nov. 11

THE AUSTRALIAN Governor-General's dismissal to-day of the *Labor Party Government* led by Mr. Gough Whitlam has plunged Australia into the bitterest election campaign in its history.

Labor Party leaders have appealed to their supporters, and *especially the trade union* movement, *for a calm and non-violent* response. But seamen and dockers have already walked off their jobs, other trade union members are threatening to do so to-morrow and demonstrations *have erupted across the country*—even at the gates of Yarralumla, the official residence of Sir John Kerr, the Governor-General, on the outskirts of Canberra.

The first action of the new, *caretaker Prime Minister*, Mr. Malcolm Fraser, the Liberal Party leader, was to advise Sir John Kerr to dissolve both Houses of Parliament and call elections. Sir John's official secretary was drowned out by *chanting pro-Labor crowds* as he read the dissolution proclamation this evening.

The *proclamation ended*: "God Save The Queen," and a few minutes later, Mr. Whitlam began an address to the crowd by saying "Well may we say 'God Save The Queen' because nothing will save the Governor-General."

He went on to refer to Mr. Fraser as "Kerr's Cur" and, at a Press conference later, made it quite clear he considered the Governor-General's decision wrong.

Mr. Whitlam described his dismissal as unconstitutional, *though not illegal in the sense* that it was prohibited by a specific Act of Parliament. "The Queen would never have done this," he declared.

"I don't understand how the Governor-General could take such action."

Fraser: No new policies pending an election.

To-day's extraordinary events began with a 9 a.m. meeting between Mr. Whitlam and Mr. Fraser in the Prime Minister's suite at Parliament House. Mr. Fraser had proposed the meeting to discuss the looming crisis caused by the Opposition's refusal over the past five weeks to pass the budget in the Senate.

The meeting, *however*, was abortive. Mr. Whitlam would only discuss the passage of the budget. Mr. Fraser was interested *in the* arrangements for a general election.

Shortly afterwards, Mr. Whitlam announced to a meeting of the Parliamentary Labor Party that he had decided to advise the Governor-General to call *the normal election*, now due, for half the Senate.

His tactic was to maximise pressure on wavering opposition Senators to allow the budget Bills to pass and the proposal was endorsed unanimously by the Labor MPs and Senators.

Mr. Whitlam informed the governor-general by telephone and made an appointment to call on him officially at 1 p.m. But the formal, written advice of a half-senate election for December *13* was never considered. When Mr. Whitlam arrived at Government House he was immediately handed the notification that his commission as Prime Minister was withdrawn and, in effect, his Government had been sacked.

Within an hour, Sir John Kerr had issued a four-page statement explaining *his actions* and reasons, and Mr. Fraser had accepted his invitation to form a government. In the Senate, the Budget bills were passed at 2.15 p.m. in proceedings lasting less than three minutes.

In the House of Representatives, a censure debate, begun before lunch by Mr. Fraser, went on for another 20 minutes and ended with the adoption of *a Government amendment* turning the House's censure back to Mr. Fraser—a technique introduced by Mr. William McMahon's Liberal Government in 1972.

Mr. Fraser then announced his commissioning as Prime Minister *on the understanding that his* government would "make no new appointments or dismissals or initiate any new policies" pending the general election.

Majority

He said it would be inappropriate for the house to transact further business and moved its adjournment pending the dissolution.

But the Labor majority de*feated the adjournment motion* and immediately carried, by 64 votes to 54, a motion declaring no confidence in Mr. Fraser as Prime Minister. It called on the Governor-General to recommission Mr. Whitlam, pointed out *that funds had already* been restored to the Government, and directed the Speaker, Mr. Gordon Scholes, to convey the resolution to Sir John Kerr immediately.

But it was nearly two hours later when the speaker was *received by Sir John and the* dissolution of parliament was a *fait accompli*.

The elections for all seats in the Senate and the House of Representatives are expected to be on December 13, although there had been no official confirmation of the date to-night.

Continued on Back Page

Editorial comment Page 16 ● The build-up to a showdown Page 29.

VICTORY FOR GOODMAN

Challenge by Lords over Press Bill

BY JOHN BOURNE, LOBBY EDITOR

FOR THE first time in 26 years, the House of Lords last night blocked an important piece of *Government legislation. By over*whelming majorities—ranging from 88 to 100—the Lords insisted on Lord Goodman's "Press Freedom" amendments remaining in the Trade Union and Labour Relations (Amendment) Bill, against the wishes of the Government.

The Government will now be forced to reintroduce its original Bill, plus any amendments agreed to by the Commons, early in the next Parliamentary session, which begins on Wednesday.

Ministers believe that the Lords will not then resist the *legislation further* and that the Bill could reach the Statute Book early in the New Year. However, if the Conservative and Liberal peers, most of the cross-benchers, and the bishops try to repeat their long campaign of *opposition, the Bill* could be delayed until next autumn. This is the maximum period the House of Lords is allowed to delay legislation when the Government reintroduces a Bill under the 1949 Parliament Act Procedure.

The first Lord Goodman amendment provides that under the *proposed* Press Charter to be negotiated between the newspapers and the National Union of Journalists editors should not be obliged to join a trade union. It also protects the right of journalists not to be excluded or *expelled unreasonably from* a union. Against the advice of the Government and the Commons this was retained in the Bill by 186 votes to 86.

Lord Goodman's second amendment, retained by 168 to 80 votes, states that nothing in the charter should be taken to restrict or abridge any right *existing by statute or* common law, and that any rule, agreement, act or conduct which is contrary to the charter shall be deemed to be contrary to "public policy."

The Government's arguments, developed by Lord Shepherd, the Lord Privy Seal, were that the second amendment sought "ambiguously and obscurely" *to introduce an element of legal* sanctions into what should be a voluntary charter.

Lord Goodman's victory was ensured by a last-minute agreement with the Conservative Leader, Lord Carrington, and *Lord Hailsham, a former Lord* Chancellor, that Lord Hailsham would not press his own amendment and that Lord Carrington would advise the Conservatives to vote for Lord Goodman's proposals.

The *debate was remarkably* even-tempered except for a brief altercation between Lord Shepherd and Lord Goodman after the latter had said that the Government had made an offer of a new amendment at 2 a.m. yesterday *and had then withdrawn it* at 9 a.m.—an amendment which he and his supporters were "ready to accept in principle" subject to one or two changes in wording.

Lord Shepherd said he resented this disclosure of confidential talks *which could* damage the prospects of future confidential talks on matters affecting the House. He also denied that "the *piece of* paper offered to Lord Goodman and his friends in the early hours, containing "what might have been a solution," was in fact a formal offer.

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FEATURES

ON OTHER PAGES

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EEC farm agreement paves way for selective reform

BY DAVID CURRY

BRUSSELS, Nov. 11.

AGRICULTURAL MINSTERS of the EEC to-day reached agreement on the framework *within* which selective reform of the Community's farm policies will *take place*.

After two days of tortuous drafting they agreed a document *to go forward* to the December meeting of Heads of Government in Rome setting out major problem areas and options for tackling them.

While the document inevitably reflects the different viewpoints *of member* States the British came out of the meeting feeling that in a number of basic areas their preference had received a distinct endorsement.

The Ministers accepted the need to implement the CAP as efficiently and cheaply as possible in relation both to budgetary costs and total resource *criteria. The document* also specifically mentions as one of the bases for reform the need to align prices on the modern farm.

The significant passage reads: "While keeping farmers' in*comes in line*, the Council considers that steps should be taken to improve market balance.

"To this end, beside the price policy and taking into account its limits and the possibility of aligning it on modern farm holdings, additional measures in the following areas could be considered: *policy on stocks*, consumer policy, export policy, food aid, producer participation in market risks, and measures concerning production potential."

Direct aid is described as "a useful adjunct in specific instances where price policy alone is not enough to achieve certain objectives. It could also on a *temporary basis be used to* rectify certain situations."

Direct aid is dismissed as a permanent feature of support on grounds of cost and as a source of potential disparities.

There is also specific reference *to the need to prevent cyclical* surpluses and shortages of beef and adjustments in the support system are indicated here, while on cereals the document refers to the need to align the price of feed wheat to that of other feed grains.

The annex of the document sets out the particular product areas which give rise to difficulties and as a whole the document is at pains to express fully the differences of approach between States—*some Ministers felt that* these were even exaggerated.

On the question of cost the document points out that the CAP is bound to appear expensive simply because it is the most highly developed of the EEC's policies and it is the only area where significant responsi*bility has been transferred from* Government to the Community. It notes the need to work out ways of exercising a closer budgetary control in the agricultural sector.

The Ministers complain that "difficulties have arisen for the CAP as a result of Community foreign policy decisions and par*ticularly obligations to purchase* (for example, sugar, butter) and import preferences in respect of certain third countries." The annex suggests that future deals of this nature could aggravate the problems of the CAP. How*ever, it also* refers to the need for the Common Market to remain a force in world food trade.

Pragmatic

Taking note of Italy's objec*tions that the CAP benefits pro*ducers of temperate crops in the north rather than Mediterranean producers, the document underlines the need to ensure "the same degree of support for the various products."

A *very cautious* reference to Monetary Compensation Amounts (the border taxes designed to iron out the effects on prices of currency movements) is made suggesting simply that it could be eliminated by "pragmatic methods." The Germans have been anxious to maintain MCA's as necessary for a common pricing policy.

The document may go direct to the Rome summit or via a joint meeting of farm and foreign ministers in a fortnight. Its eventual implementation *once it has got political* blessing in Rome will be through the annual price-fixing process which gets under way in the new year.

Socialist disaray, Page 6
NZ dairy price rise, Page 37

BSC plans fund-raising scheme with City institutions

BY ADRIAN HAMILTON

THE BRITISH STEEL Corporation is expected to announce a unique fund-raising scheme next week under which City institutions are *asked to "purchase"* up to £75m. of steel stocks against a corporation commitment to buy them back in two to four years' time.

BSC itself has so far refused to reveal details of its discussions with life insurance and pension funds.

But according to City sources, *it has already approached* institutions with such a scheme, one of whose unusual features appears to be an agreement by the corporation to pay an annual interest on the funds raised linked to the Retail Price Index.

The stocks, amounting to perhaps ½m. tons, would then be repurchased by the Corporation *during the years* 1977, 1978 and 1979 at a price that could be adjusted upwards if the price of steel rose more rapidly than general inflation, some sources suggest.

One of the main objects of the scheme *for* BSC would be financing its current high stocks in a period of depression.

The Corporation, which is losing at a rate of more than £5m. a week, has consistently argued in favour of counter-cyclical stocking which would enable production to be maintained at relatively higher levels *in a depression and could* be sold off during an upswing in demand.

The reaction from the City to the move appears mixed. Where pension funds appear generally in favour of short-term investments of this kind, particularly hedged against inflation, insurance companies seem less interested in such short-term finance.

Previous attempts by companies to raise funds indexed against inflation, most notably by GKN last year, have met considerable opposition from the Bank of England, which is worried that such schemes might sustain inflationary trends.

Shotton move

In this case, however, the short-term nature of the funds and their special relevance to industrial production may arouse a more favourable response.

The Government has announced that it will make a decision by the end of this year's on the delicate question of British Steel's plans to phase out steel production at Shotton, Deeside, in favour of a substantial *expansion of capacity* at Port Talbot, South Wales.

The Government, like BSC, has faced conflicting pressures from unions and local leaders from both areas. The signs are that it is now leaning towards a compromise in which some steel-making capacity would be retained at Shotton in addition to an *expansion at Port Taloot*.

Its view is thought to have been partly influenced by the impact of the loss of 6,500 jobs on Deeside.

There also also seems a feeling among Ministers that BSC's hopes for productivity in its Port Talbot plans may be over-optimistic, and that this must be set against the *excellent labour* record of Shotton.

A decision to retain steel-making capacity at Shotton would *undoubtedly* be treated as a blow to BSC's hopes for a radical rationalisation of its Welsh capacity over the next ten years.

In urging a £500m. expansion at Port Talbot, it had made it clear that this could be made fully *economic only if steel-making* at Shotton were closed down, and the works there took hot rolled coil from Port Talbot for finishing.

Lex Back Page

LOMBARD

The great arms spending spree

BY C. GORDON TETHER

WOULD IT not be a very good idea to launch a major public debate in the industrialised world on the wisdom of continuing to assist and encourage the Middle East oil-producers to utilise a substantial proportion of the proceeds of the fuel prices explosion for engaging in a vast —and seemingly unending—arms spending spree?

There can be no doubt that the flow of arms orders from this part of the world has played a major part in reducing the spectacular payments deficits which all the major industrialised countries developed in the wake of the quadrupling of oil prices two years ago. And there can be no doubt, either, that the boost this traffic has given to employment in their armament-producing industries has been equally welcome, coming at a time when economic activity in general was slowing down at a disconcertingly fast pace.

And there seems to be no early prospect of this new factor in international economic affairs losing its potency. Hardly a week passes without an announcement that talks between a Middle Eastern country and one of its industrialised trading partners have produced an agreement to strengthen economic ties between them with particular regard to the signing of weighty arms contracts.

Share for them

It is significant that in both Germany and Japan there has been considerable talk of late about the need to do away with the limitations on arms production introduced after World War II—this so that their engineering and aircraft industries can participate in the world armaments bonanza to the full.

Since such deals are almost invariably presented to the public in the industrialised world as being destined to be of great assistance in boosting exports, relieving unemployment and ending external payments worries, they are more or less automatically assured of a warm welcome. But has not the moment arrived when we should ask ourselves whether this isn't altogether a too short-sighted attitude to adopt?

It was recently revealed in Washington that almost half of America's total arms sale of $9bn to foreign countries in the year to mid-1975 went to the Gulf States. It is not difficult to imagine—remembering that Britain, France and other European countries are also contributing in major degree to the growth of this traffic—the magnitude of the armaments build-up that is now taking place in this highly sensitive corner of the globe.

It is, of course, usual in these enlightened times to ensure that all international arms trading is subject to official licensing. Yet the fact has to be faced that the Governments of the arms supplying countries often tend to see themselves as having just as much of a vested interest in seeing that the traffic is not discouraged as private arms producers did in earlier times.

Certainly, their politicians always appear to have equipped themselves with what they evidently believe to be adequate justification for continuing to carry on as they are doing. When Washington was questioned about the tremendous flow of American arms into the Middle East during the past two years, it replied that this was needed by the Gulf States to render them "capable of maintaining security in the area following the military withdrawal of Britain from East of Suez."

And when questions relating to Britain's extensive involvement in this traffic were put to Mr. Callaghan, the Foreign Secretary, in the House of Commons a short time back, he replied that "an effective agreement on some measure of arms limitation in the Middle East was likely to be possible only with the support of the parties to the dispute and in the context of a general settlement."

One of the great potential blessings of the oil prices explosion consisted in the fact that it instantly created a vast new source of capital in the world that would not otherwise have been available. While devoting a large slice of this fund to turning the Middle East into a welter of armed camps is helping the affluent world to extricate itself from its crisis, it must also mean that so much less is going to be available for the work this money could do so well—promoting the meaningful development of the Third World.

That is one very good reason why the industrialised countries ought to be asking themselves whether they are doing the right thing by humanity in working so hard to support a new arms build-up in the Middle East. It is not, however, the only one. If what they are doing serves to pave the way for another conflagration in that part of the world, it is by no means beyond the bounds of possibility that their own peoples will have a share in the painful consequences.

RACING — BY DARE WIGAN

Roman Warrior to the fore

THE DECISION to send Lianga from France to contest the Vernon's Sprint Cup at Haydock (2.15) lends spice to the final day of the Flat racing season.

M. Daniel Wildenstein, owner of this black American-bred filly, had made it clear he was determined she should retire to stud as recognised champion sprinter of Europe, and victory in this Group 2 event would give her the official title.

Judged on her performance in the July Cup at Newmarket, she comes out just over a length better than *Roman Warrior*, but she ran disappointingly in the Prix de la Forêt at Longchamp last month, and it may be she has gone over the top following an arduous season.

Roman Warrior, too, has had a busy time, but he is an enormous horse with a robust constitution; and, unles Lianga is in tip-top condition, I fancy he will prove too strong for her.

Street Light will go well; and connections of Garda's Revenge, full brother to Lianga, have doubtless been encouraged by the good record of two-year-olds in this race. It would not surprise me if the Irish-trained colt were to run into a place. But *Roman Warrior* is the selection.

Not only have Messrs. Vernon of football pools fame provided £10,000 of the added money of £14,000 for the principal race of the day, but they have also donated £2,500 towards the prize for the Vernon's Organisation Stakes (1.45), a handicap run over one and a-quarter miles and 131 yards.

A highly competitive affair it

HAYDOCK
1.15—Gershwin
1.45—Baffin Bay***
2.15—Roman Warrior*
2.45—Marching Orders
3.15—Lord Elect
3.45—Dominant**

KEMPTON
2.00—Hodge Hill
2.30—Ghost Writer
3.00—Winter Fair
3.30—Sarpedon

KELSO
1.15—Sovereign Gold
2.45—Dancing Ned
3.45—Regal Tack

promises to be, with 13 standing their ground, of which, by my reckoning, at least eight have a chance.

However, for better or worse, I shall take a chance with *Baffin Bay*, who is 6 lbs better off with Majoroy (9 lbs, if one takes the view, as I do, that the 3 lbs Richard Fox is entitled to claim is a bonus in exchange for the neck that separated them over to-day's distance at Lingfield on October 9).

Admittedly, if one takes that race as a criterion, it is arguable that Royal Match ought to beat both of them. However, Royal Match has since run badly at Doncaster and, as may be the case with Lianga, it is possible he has had enough for the season.

There is little between *Lord Elect* and Shelahnu in the Fleetwood Nursery Handicap (3.15) judged on their running at Doncaster on October 24, but the advantage, on paper at any rate, lies with *Lord Elect*.

Marching Orders, with the powerful assistance of J. Mercer, looks best in the Salford Maiden Stakes (2.45).

Dominant, who also requires strong handling, and who will get it from E. Hide, is a reasonably confident selection for the Conclusion Handicap (3.45).

At Kempton, I see no reason why *Hodge Hill* should not continue on his winning way in the November Handicap Hurdle (2.0), though I fear he will not be a betting proposition—an observation likely to apply to *Ghost Writer* in the Flyover November Chase (2.30). *Winter Fair* in the Wimbledon Handicap Chase (3.00), and to *Sarpedon* in the Sprig Three-Year-Old Hurdle (3.30). But all four ought to win.

At Kelso, *Regal Tack*, assuming he has taken kindly to jumping, is unlikely to be beaten in the Ednam Novices' Hurdle (3.45), for he is a useful performer on the flat.

SALEROOM — BY ANTONY THORNCROFT

Robin Hood earns £6,500

THE MOST interesting sale in London yesterday was at Sotheby's Belgravia which sold Victorian paintings for £108,761. This is a market which reached a peak two years ago and then turned sticky. Yesterday's prices suggested a healthy revival.

The best price was the £6,500 paid by Madame Tussauds for a rare painting of Robin Hood and His Merry Men by Daniel Maclise. There are not many pictures of this mythical character. Madame Tussaud's is steadily buying up pictures for display, and this is its biggest investment in recent years. The underbidder was the Nottingham Castle Museum, and the price was above the £3,000-£6,000 estimate.

The same price of £6,500 was paid for Il Pensoroso by John Atkinson Grimshaw, painted in 1875. This was also well above the £2,000-£4,000 forecast, but Grimshaw seems to be in demand. Andrew Lloyd-Webber, who wrote Jesus Christ Superstar with Tim Rice, gave £2,000 (top of the forecast) for his Knostrop Hall, Moonlight.

Not to be out-done Tim Rice, the co-author of Superstar, paid £3,000, also at the top of the forecast, for "Now is the Pilgrim Year Fair Autumns Charge," a typically romantic Victorian piece by John Byam Liston Shaw.

An anonymous bid of £3,000 also secured Frederick Goodall's Hunt the Slipper and Walter Hunt's Gypsy Life was inside forecast at £2,500. Sotheby's made some effort to collect good Victorian pictures for this sale

FT Clipper Race, Page 30

and to publish an attractive catalogue and the percentage unsold of 7.33 suggests that the effort was worthwhile.

The main action this week at Christie's is in its Geneva sale rooms. On Monday night it held a very successful sale of Porcelain Galantrie, which totalled £131,229, and established a new auction record of £3,818 for a finely decorated Meissen Hausmaler thimble which sold for £3,818 to the Antique Porcelain Company. The previous best was £1,575 at Christie's in London in 1969.

Other good prices were the £1,727, also to the Antique Porcelain Company, for a large pink trellis pattern thimble painted by B. G. Hauer with miners, and a private buyer gave £1,454 for a small Clemens-August type thimble painted by C. F. Herold. The private collection of 150 thimbles realised £49,450.

Yesterday's sale of objects made by Fabergé contained its disappointments, but totalled £220,136. A dandelion mounted in gold with rose diamond seeds went for £9,450, and a silver gilt mounted rowan-berry plant in an agate vase went for £5,815.

A collection of sixty, very small, jewelled Easter Eggs sent for sale by a descendant of Princess Vera Alexandrovna Lvoff sold for £31,200. However the Senate Cup, a Louis XV rock crystal cup with ormolu mounts, presented by Louis XV to the Empress Elizabeth, was bought in at £6,900.

GARDENS TO-DAY

Some colour combinations

BY ROBIN LANE FOX

BEFORE I return to last week's theme of plant associations, I would like to do justice to the Dutch Elm beetle which, I suspect, may have been misrepresented by recent remarks. Neither the beetle, nor even the female beetle, causes Dutch elm disease.

The first cause is the fungus, Ceratocystis Ulmi, which is responsible for the rot. The beetle likes to bore into the galleries of a weak elm in order to lay its eggs there. Because it does not wash itself before flying on to the next tree, it carries the fungus with it. The beetle, then, is the innocent carrier which we conveniently single out for our insults.

Identification

If there is any reader who does not know how to identify Dutch Elm disease, I had better add that its traces can be detected by stripping the outer bark off twigs or branches and looking for brownish horizontal streaks along the line of the exposed pith. A small part of a tree is infected first, so be sure to test twigs from different branches. Otherwise, watch during June and July to see if the leaves turn yellow prematurely on the branches of any limb. This yellowing is almost certainly a sign of the fungus.

On a brighter theme, I hope you will take more interest in the possibilities of associating plants for the best combined results, the one aspect of gardening which will never be exhausted, not even if Percy Thrower's men live to broadcast until they are 95.

I can seldom read about plant associations without losing the thread of suggestions which usually belong to their author's private universe: they make me realise how many plants I simply do not know. Advice to associate two unknown plants is unlikely to catch your attention.

I will not now suggest that you match your Codonopsis with your Shortias, though the result is very pleasant. I will only assume that you grow Roses, a shrub Potentilla, some Irises, heathers (if you must), crocuses and tulips and assume that you have heard or read the ideas of an average garden designer.

Restricting the range to pairs of plants, perhaps planted in a wider setting which flowers at different seasons, I think that we try to match the colours of flowers as a first step. There are no rules here, but I do happen to like blue, strong yellow and white as one group, reds, purples, lemon yellow and grey or silver leaves as another.

Borders of blue flowers and silver leaves do not seem to me to be very exciting: reds and strong yellows do not catch my fancy very often, probably because they are seldom seen in England under a sunny sky. Intermediate orange, copper and flame can bring them pleasingly together. Personally, I do not think that gardens whose flowerbeds are indiscriminately multicoloured are usually very attractive unless they are in a small, firmly limited space.

Taking these colour-combinations as a starting-point, I would like to combine the clear yellow flowers of my inevitable shrub Potentilla with something blue or thereabouts. One seldom sees it, but the admirably easy Geranium Buxtons Blue is a good companion. It flowers late, in September too, when the Potentilla is going gradually into decline. Its single pale lavender-blue flowers have a white inner circle and a dark eye. It is a convenient plant for the front edge of a Potentilla's bed, perhaps with some of the autumn Crocus Speciosus, so conspicuous and still so cheap, and a carpet of, say, Violets through which the Crocus can emerge in autumn. The Geranium, like so many fine herbaceous plants, can be bought pot-grown from Bressingham Nurseries, Diss, Norfolk.

Agapanthus

Still on the theme of blue and yellow, I have had much pleasure from groups of the hardy blue Agapanthus with its rounded umbels of flower in August on tall stems and an edging of the large flowered yellow Evening Primroses (Oenothera) whose clear colour and papery petals match the blue most effectively and remain my happiest new venture in my plantings of the past two years.

In spring, bulbs of the blue Chiondoxa with the buff-yellow and reddish flowers of the Water Lily Tulip, Tulipa Kaufmanniana still seem to me as beautiful a combination as any in a bulb catalogue. The Water Lily Tulip is not tall, some nine inches high, but the spread of its large petals and leaves is such that a few of its cheap bulbs go a long way among the even cheaper Chionodoxa. Grape hyacinths and the small bright yellow-flowered Daffodils such as April Tears are another brighter extension of the same idea.

Leaving that possible theme with you, I would like to suggest that you look further than the ever-popular Hosta when thinking of companions for roses, especially shrub roses. If you share my liking for the taller single flowered shrub roses like Rose Hugonis or Fruhlingsgold you would do well to consider the smallish Lilac, Syringa Micro-phylla Superba as a shrub in front of them.

Its small lilac-pink flowers appear in bunches in May and June and sometimes in early September too, a point which is most valuable for small gardens or for plantings of roses which are similarly recurrent. It is scented, about four foot high eventually and well worth considering as an unusual hedge, as it likes to be clipped after flowering.

It is not spectacular, but it is one of the most rewarding and ignored small shrubs, although it looks gloomy and twiggy in winter. I have it in front of a single yellow Rose Hugonis and when they flower together they are a very gratifying pair. Notcutts of Woodbridge, Suffolk have the best selection of lilacs, small and large.

On the same theme of lilac flowers and white, yellow or rose-lilac shrub roses, I would recommend the famous practice of Sissinghurst and other old-fashioned rose collections, underplanting of roses with the large headed Allium Albo-Pilosum. This splendid form of flowering onion is smelly if you collide with it but spectacular if you keep your distance.

Its heads of flower are the size of a swollen tennis ball and are made up of individual flowers like a star. Their stems are about two feet high, so they can be fitted neatly into the foreground of a rose bed. The colour is a good rose-lilac and the season, as befits the roses, is June.

Entertaining

I still have the seed-head of one such Allium this year on my desk, for its interest does not disappear with the flowers. Dead, their heads are no less remarkable, drying to a pale brown construction of struts and side-branches which keeps me entertained throughout the winter.

What, though, of those irises and even those heathers which I have mentioned? Once you start on the grouping of plants there is no conclusion, so I will hold you in suspense for another week while I search out a supplier for a poison which, I am told, will kill the weeds in an iris-bed without killing the irises themselves. If you find the weeding of irises as tiresome as I do, the week's delay will be worthwhile.

TV/Radio

† Indicates programme in black and white.

BBC 1

9.15 a.m. For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.30 p.m. Day and Night. 12.55 News. 1.00 Pebble Mill. 1.45 In the Town. 2.01 For Schools, Colleges. 3.58 Regional News (except London). 4.00 Play School. 4.25 Huckleberry Hound. 4.30 Jackanory. 4.45 These Are the Days. 5.05 John Craven's Newsround. 5.15 Circus. 5.40 Magic Roundabout

5.45 News.
6.00 Nationwide.
†6.45 "Carry On Spying," starring Kenneth Williams.
8.10 Softly, Softly: Task Force.
9.00 Party Political Broadcast on behalf of the Conservative Party.
9.10 News
9.35 Till Death Us Do Part.
10.05 Sportsnight.
11.00 To-night.
11.35 The Sky at Night.
11.50 Weather/Regional News

All Regions as BBC 1 except at the following times:—

Wales—5.15-5.40 p.m. Bam-Bw! 6.00-6.45 Wales To-day. 6.45-7.10 Heddiw. 7.10-7.40 Penigamp. 7.40-8.10 Larger Than Life. 11.50 News and Weather for Wales.

Scotland—10.23-10.43 a.m. and 2.40-3.00 p.m. For Schools in Scotland. 6.00-6.45 Reporting Scotland. Between 10.05-11.00 Sportscene. 11.50 Scottish News Summary.

Northern Ireland — 10.23-10.43 a.m. For Schools in Northern Ireland. 3.58-4.00 p.m. Northern Ireland News. 6.00-6.45 Scene Around Six. 11.00-11.30 Spotlight on what matters to people in Northern Ireland. 11.30 Northern Ireland News Headlines.

England—6.00-6.45 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

BBC 2

10.35 a.m. Nai Zindagi Naya Jeevan.
11.00 Play School.
1.00 p.m. Racing from Haydock Park.
7.05 Trade Union Studies.
7.29 Weather.
7.30 Newsday.
7.50 The Vera Lynn Show.
8.35 Arena: Theatre.
9.00 Party Political Broadcast on behalf of the Conservative Party.
9.10 Face the Music.
9.40 "Savages," by Christopher Hampton.
11.15 Newsnight.
11.30 Closedown: Martin Jarvis reads "Merlin Enthralled" by Richard Wilbur.

LONDON

9.30 a.m. Schools Programmes. 10.30 Table Tennis. 11.00 Schools Programmes. 12.00 Here Comes Mumfie. 12.10 p.m. Hickory House. 12.30 Mr. and Mrs. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 Crown Court. 2.00 Good Afternoon. 2.30 Couples 3.00 About Britain. 3.25 Looks Familiar. 3.55 General Hospital. 4.25 The Sooty Show. 4.50 Boy Dominic. 5.20 Out of Town.

5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Cooper.
8.30 Rule Britannia!
9.00 Police Story.
10.00 Party Political Broadcast on behalf of the Conservative Party.
10.10 News.
10.40 The Wednesday Special: Evening News British Film Awards.
11.40 Help!
†11.45 The X Film: "Not Of This Earth."

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.20 Arthur. 6.00 About Anglia. 8.00 Rule Britannia. 8.30 Cooper. 11.40 The Big Question.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.20 ATV Today I with Junior Police Five. 6.00 ATV Today II. 9.00 The Zoo Gang. 11.40 Orson Welles Great Mysteries. 12.10 a.m. Dennis Ede.

BORDER

†1.20 p.m. Border News. 3.25 Shirley's World. 6.00 Border News and Lookaround. 9.00 Police Woman. 11.40 Protectors. †12.08 a.m. Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 The Partridge Family. 6.00 Channel News. 6.30 Link-Up. 10.00 Life in France. 10.40 Election '75 Results—The Senators. 11.25 Epilogue followed by News and Weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 6.00 Grampian Today. 9.00 Streets of San Francisco. 11.45 Police Newsroom. 11.50 Evening Prayers.

GRANADA

1.20 p.m. This Is Your Right. 5.15 Take Kerr. 5.20 Crossroads. 6.00 Granada Reports. 6.30 Survival. 9.00 Police Woman. 11.40 Boney.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.20 Orbit 5. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Three Little Words. 9.00 Police Woman. 11.45 The Protectors.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25-4.50 Rhifeddodau. 6.01-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.20 p.m. Road and Weather Report. 2.00 Housecall. 5.20 Babar. 5.25 Crossroads. 6.00 Scotland Today. 6.30 University Challenge. 9.00 Police Woman. 11.40 Late Call. 11.45 Football.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 5.20 Betty Boop. 5.25 Crossroads. 6.00 Day by Day. 9.00 Police Woman. 11.40 Southern News Extra. 11.50 Short Story.

TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. Lunchtime News and Lookaround. 2.00 Women Only. 5.20 Today Before Six. 6.00 Today at Six. 9.00 Police Woman. 11.40 Epilogue.

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 4.23 Ulster News Headlines. 5.20 Out of Town. 6.00 UTV Reports. 8.00 Rule Britannia. 8.30 Cooper. 9.00 The Collaborators. 11.40 The UTV Profile.

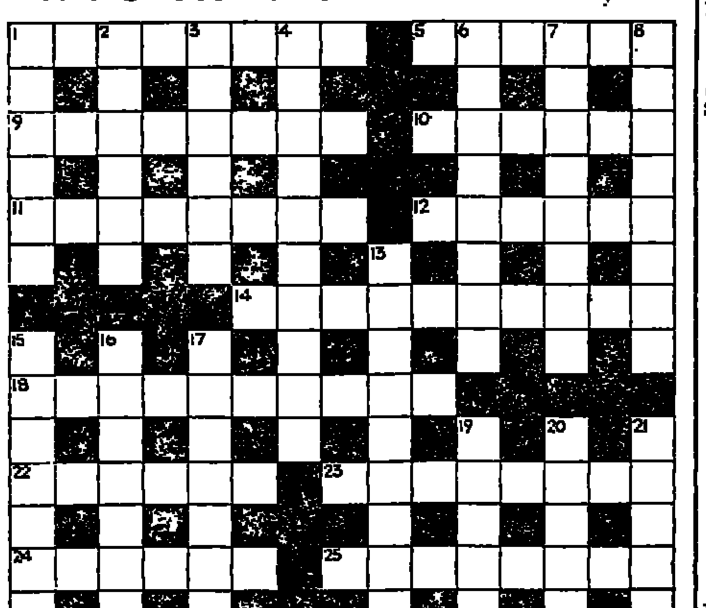
WESTWARD

12.25 p.m. Gus Honeybuns Birthdays. 1.20 Westward News Headlines. 5.20 The Partridge Family. 6.00 Westward Diary. 11.37 Westward Late News. 11.40 Faith For Life.

YORKSHIRE

12.30 p.m. Bygones. 1.20 Calendar News. †5.20 Calendar.. 6.00 Calendar. 9.00 Police Woman. 11.40 Ski-ing With Gina.

F.T. CROSSWORD PUZZLE No. 2,929



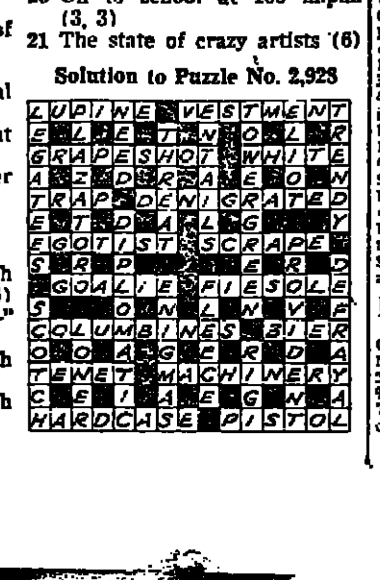
ACROSS

1 Have career in mind with intended order (4, 2, 2)
5 A couple of dogs in the arsenal (6)
9 Earl Hunt turns out to be a Protestant (8)
10 A fabric—when one chooses (2, 4)
11 Perception makes a legendary town (8)
12 Ancient boat made by, we hear, an engineer (6)
14 Jock and Ted go to the races (5, 5)
18 Plus sign including a weapon puzzles (10)
22 The worker gets on edge in Ireland (6)
23 Unusual gain is in badges of office (8)
24 The group from Helicon (6)
25 We need one in the cathedral to serve (8)
26 Put off about the cross? Right (6)
27 Trifles started by queer people (8)

DOWN

1 The majority—the French included—means to annoy (6)
2 "All the world's ——" (A.Y.L.I.) (1, 5)
3 Three in a row—a row with the Church of England (6)
4 An outstanding scene which women have to face (6, 4)
6 Once for all dismiss the conservative (8)
7 No boxer, but winner of an academic award (8)
8 It means mischief in Hamlet (8)
13 Long hidden as an old sailer (6, 4)
15 Despatch round the mountain to make the stew (5-3)
16 Gold deposit in Kentucky (4, 4)
17 "And like enough thou knowest thy ——" (Sonnets) (8)
19 With a thousand short of the bare essential we are in the red (6)
20 On to school at 100 m.p.h. (3, 3)
21 The state of crazy artists (6)

Solution to Puzzle No. 2,928



RADIO 1

247m

434m, 330m, 285m and VHF

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Paul Burnett. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 As Radio 2. 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2

1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.55 p.m. Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1,500m only (also 202m Scotland). 2.15 Racing from Haydock Park. 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Sam Costa (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The News Huddlines. 7.30 How The West Was Sung (S). 8.02 Command Performance (S). 9.02 Sing Something Simple (S). 9.30 All-Time Hit Parade (S). 11.02 Sports Desk (1,500m only (also 202m Scotland) VHF joins Radio 1). 11.03 Jean Challis with Music to Midnight (1,500m only (also 202m Scotland) VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3

464m, Stereo & VHF

7.00 a.m. News. 7.05 Your Midweek Choice, part 1: Mozart, Berlioz (S). 8.00 News. 8.05 Your Midweek Choice, part 2: Dittersdorf, Schumann, Wagner (S). 9.00 News. 9.05 This Week's Composers: The Court of Mannheim (S). 9.55 Academy of the BBC (S). 11.00 Bach Organ Music (S). 11.40 Vienna Festival 1975: Concert part 1: Mozart (S). 12.10 p.m. Interval Reading. 12.20 Vienna Festival concert, part 2: Johann Strauss. 1.00 News. 1.05 Concert Hall (S). 2.00 The World of Operetta (S). 3.00 Schiller Trio (S). 3.35 Rachmaninov Performs. 5.00 Choral Evensong. 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continues). 6.30 Lifelines: Language and Communication. 7.30 The Art of Parry Jones on records. 8.00 Royal Philharmonic Concerts, part 1: Messiaen (S). 8.55 The Arts Worldwide. 9.15 Royal Philharmonic Concerts, part 2: Messiaen (S). 10.15 Culture and Capitalism (talk by Daniel Bell). 10.45 The King's Sisters (S). 11.25 News.

RADIO 4

434m, 330m, 285m and VHF

‡ Medium Wave only

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today, including 6.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of Today, including 7.27 Sports desk. 7.35 Today's Papers. 7.45 Thought for the Day. 7.50 VHF Regional News. 7.55 Weather, programme news. 8.00 News and more of Today, including 8.27 Sportsdesk and 8.35 Today's Papers. 8.45 Yesterday in Parliament. 9.00 News. ‡9.05 The Living World. ‡9.35 The Year in Question. ‡10.00 News. ‡10.05 In Britain Now. 10.30 Daily Service. ‡10.45 Morning Story. ‡11.00 News. ‡11.05 Home to Roost. 11.30 Thirty-Minute Theatre. 12.00 News. 12.02 p.m. You and Yours. 12.27 Top of the Form. ‡12.55 Weather, programme news. VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (‡ from 2.00) including 2.00-2.02 News. ‡2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 An Answer for Everything. 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Petticoat Line. 6.45 The Archers. 7.00 News Desk. 7.25 Party Political Broadcast on behalf of The Liberal Party. 7.30 It's Your Line. 8.30 Sir John Betjeman (S). 9.00 The Reith Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

For Schools (VHF only)—9.05 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Downtown. 11.03 In Town. 12.03 p.m. Call In, including 12.45 London News Desk. 2.03 206 Showcase. 4.03 In The News. 4.33 Home Run, including 5.00 and 6.00 London News Desk. 7.00 In Town. 8.00 Quest. 8.30 Soul 77. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 a.m. As Radio 2.

London Broadcasting

261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 George Gale—talking to London. 12.00 Newswatch. 2.00 p.m. Newswatch—second edition. 5.00 Newsbreak. 7.30 Jazz in Stereo. 9.00 Robin Houston's Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour.

Capital Radio

194m and 95.8 VHF

6.30 a.m. The Breakfast Show. 9.00 Michael Aspel presents music, guests, competitions and "Swapshop." 12.00 Cash On Delivery. 3.00 p.m. Roger Scott. 7.00 London Today. 7.30 Open Line. 9.00 Your Mother Wouldn't Like It (rock show). 11.00 Tony Myatt and his late night show. 2.00 a.m. Night Flight.

CINEMAS ARE CONTINUE ON PAGE 37

Television

Cops, robbers and operas

by CHRIS DUNKLEY

Writing about the first episode of Thames's police series *The Sweeney* in the first week of January this year I remarked that "when it settles down and feels a little more secure it may turn out quite well." It has shaken down (in fact it is fast approaching the end of its second series), it feels a lot more secure, and it has turned out very well indeed. It has turned out so well, in fact, that it has for some *time now been part of* a very, very short list of programmes: the ones which I take care to watch every week, not just because of my job—but if necessary—in spite of it.

In 1975 The Sweeney fulfils many of the functions that *Z Cars* fulfilled in 1962. That is not to say that *The Sweeney* has broken as much fresh ground this year as *Z Cars* did 13 years ago; it would be silly to expect any programme to do that. *Z Cars* was a shock to the British system because previous films and television series about the police had been, almost without exception, anodyne, hypocritical and unrealistic, their policemen all being cast in the heroic mould and their criminals all out and out villains. *Z Cars* was a great shock and a great success because it was the first television police series to employ a documentary style, and the first to portray its characters as recognisable members of the human race: policemen with bad as well as good habits: law breakers whose "crimes" often turned out to be the result of social circumstances.

It is unlikely that such a major step in this particular area can ever be taken again—there was only the one, and *Z Cars* took it. *Nevertheless*, there were other steps, albeit smaller ones, which could, logically, be taken and the interesting thing is that they have been taken now by Thames with *The Sweeney and not by the BBC with Softly Softly* (the most direct descendant of the original *Z Cars*). Nowadays the characters in *Softly Softly* are more and more prone to look like an impression of themselves given by Mike Yarwood. Last week's episode starring Thora Hird as Mary Meegan, the post-menopausal shop lifter, stealing birthday presents for the children which she and her husband never had, was an honest enough little story (three years reporting magistrates' courts suggested to me that there are more Mary Meegans in Britain than any other type of offender). But it had none of the knock-down drag-out drama of *Z Cars* in its heyday.

Softly Softly is in danger of following in the footsteps of much of the West End theatre and many of the single plays on television and becoming sophisticated and effete. Not so *The Sweeney* (short for Sweeney Todd, rhyming slang for Flying Squad, for anyone still in the dark). Det. Insp. Regan (John Thaw) and Det. Sgt. Carter (Dennis Waterman) start from somewhere near the point where Barlow used to finish. They are hardly like Barlow at all—more like some of the crooks he chased, actually.

But then anyone who has worked even briefly in fairly close association with the police knows that there is often an uncanny affinity between cops and robbers. A successful villain and a successful policeman or detective often have remarkably similar characteristics: deviousness, stubbornness, a willingness to break the rules to achieve what is seen as an important objective. No doubt it makes Sir Robert Mark's job very difficult indeed, but when it is recognised and used accurately by writers and directors of the sort Thames have been using it also makes for very entertaining — and very dramatic—television. Because of their ready association with stool pigeons Regan and his boss have, *on separate occasions*, been suspended and investigated by A10, the Metropolitan Police's own internal investigatory body.

This week we had Russell Hunter (Callan's "Lonely" who might be seen as having typecasting trouble, were it not for his appearance in Thames's awful *Rule Britannia!*) tipping off Regan about a meeting in a restaurant: Regan bellowing "Two motors—four up in each;" Roy Kinnear playing a very nice line in middeweight crook, telling the girl in the restaurant "I've proved my bottle, right? Carrying this lot across . . . I've done a lot of bird, right?": the girl accepting a small suede bag: Regan screeching up to the restaurant, dashing through it (leaving others to deal with Kinnear) to the rear; picking up a discarded blonde wig from the dustbin; waiting for the second motor to arrive; yelling "Where've you been?"; being told "*Bloody road works*, guv;" and complaining bitterly "Well we've lost the girl;" instructing his men "Knock on every door in the manor."

And that was just the pre-*credit sequence.*

Unlike so many recent television drama productions where the research skeleton sticks painfully through the thin flesh of the plot and can be seen forming the shape of the lines (Granada's *Nearly Man* is an embarrassingly extreme example, sounding as though whole chunks of research notes have been written straight into the script) *The Sweeney* always sounds totally authentic. It looks it, too: one of the big attractions of the series has been *its location filming in London* streets, in particular the car chases which have been not infrequent. There is no way that I know of making a car appear to race up a street and skid-turn *through 180 degrees in its own* length, short of hiring a stunt driver and getting him to do precisely that.

Best of all, perhaps, is the authenticity of the relationships *between* Regan and Carter, and between the two of them and their superior, Det. Chief Insp. Haskins (Garfield Morgan). As often as not the impression given by Regan and Carter is *that they are working not only* against the expected competition, but against their own boss too—and you can't get much more authentic than that.

*

I suspect that Wagner might well have approved of Brian Large's interpretation of his *Flying Dutchman* which was given its first showing on BBC2 on Sunday. Perhaps he would not have been over-enthusiastic about the idea of transposing the entire work into the steam age, though it seemed to me highly *successful: so much so that it* took only a few minutes for awareness of the novelty to cease to intrude. He would, however, have approved of its being shown without an interval, and presumably he would have recognised the spirit of the production since it was truly Wagnerian.

All the great pitfalls of televised opera were avoided (in particular there was a commendable absence of the habit described, after a television Carmen, in 1962 by Philip Hope-Wallace as "lovers clutching one another and bawling high B-flats up each other's noses"), and considering the limitations of any television studio—even the BBC's largest which was used here—it is remarkable that the overall impression by the end of the opera *was one of great fluidity and* space.

Just one of Michaeljohn Harris's technical effects misfired—in fact it seemed entirely unnecessary and distracting—when Senta and the Dutchman were made to recede into a small black hole. The rest, involving storms and tidal waves, dream sequence, and the final reunion *in a watery cosmological whorl* worked splendidly.

As ever the quality of sound reproduction on ordinary televisions was proved to be appalling—thanks to the set manufacturers—and, having been present during some of the recording, *I would say that this* did greater disservice to Gwyneth Jones's soprano than to Norman Bailey's superb baritone.

*

Dr. No, the first of the Bond films to be shown on television, attracted the biggest audience since the 1970 Miss World contest (which was a BBC presentation) according to the most recent JICTAR figures, produced by Audits of Great Britain, who say that the film was switched on in 10,500,000 homes. This does not, of course, tell us exactly how many people watched; ITV's figures have *always been concerned with the* number of sets switched on, unlike the BBC's which are concerned with the number of people watching. Comparing like with like, however, it is easy to see that *Dr. No* did exceptionally well: *This Is Your Life* and *Love Thy Neighbour* are regularly credited with a figure of about 9.25m. homes, and the highest previous figure this year was 9.40m. for the European Cup Final on BBC1.

The extraordinary point about all this is that *Dr. No* is a 13-year-old movie which has been on the circuit not just a couple *of times but again and again* — first on its own, then double-billed with other Bond films. It must give television programme planners and producers pause for thought to realise that even their very best and most lavish efforts fail to measure up to the attractions of a 13-year-old movie.

John Thaw as Regan in 'The Sweeney' (Thames)

French theatre

Playwrights of Paris

by ANTHONY CURTIS

Those of us whose visits to Paris are less frequent than we would wish, and who are therefore forced to rely for our knowledge of modern French drama on what is performed here in translation, tend to think that the *magnificent postwar flow* dwindled to a rather insignificant trickle somewhere around the mid-1950s with Ionesco's *Bald Prima Donna*. Were not Ionesco and Beckett (French dramatists *by adoption*) the destroyers of the drama in the guise of innovators? So at any rate the argument used to go and it gathered force from the fact that there were so few post-Ionesco names to play with.

A most welcome corrective to this view is to be found in Garry O'Connor's *French Theatre Today* (Pitman Publishing, £3.50, paperback £1.95, 118 pages) in which both Ionesco and Beckett are given their due, *along with* Sartre, Montherlant, Anouilh, Claudel, Genet, Adamov, the *boys of the old brigade, but as* part of a continuing stream of significant work that since their heyday has branched out in several directions, notably that of playwrights whom Mr. *O'Connor calls the Cynics*, Weingarten, Vian, Tardieu, Arrabal, and those of a number of even more recent writers for the theatre whom he studies under the collective title of *Jeunes auteurs*, Adrian, Atlan, Haim, Grumberg, Ehni, Cousin, Benedetto, Vinaver.

Never having seen anything of the work of these jeunes makes it difficult, to say the least, to take issue with the claims that Mr. O'Connor makes for it; the point really is that he writes in such a way as to make one want to see this work and to envy him his forays into the French theatrical avant garde. He writes *discriminatingly*; he avoids lumbering the reader with a plethora of plot-summaries *(many of these playwrights do* not go in for plot much); he packs an immense amount of information into the small space, including sections on directors, leading actors and a valuable chart of important productions from 1945-75. Through it all there runs a current of enthusiasm and a catholicity of outlook that is most refreshing.

Where one can check one's reactions against his, in the earlier part of the survey, they seem to come from sound judgment (by which one means no more than that on the whole one agrees with him). Thus he writes of Genet that his

> theatre of shadows is a very platonic conception of the theatre, but it is not in any way lucidly expressed. He is entirely self-contradictory and instinctive. His view of his own work is that of an artistic megalomaniac. But his plays are successful not through *their form, which is gauche*, their symbolism, which is clumsy, their psychology, which is crude, but uniquely because he is a poet with an outstanding gift for words, and a rich ability to create, and celebrate in words a sensual and dominantly visual world.

An arresting comparison between Montherlant and John Whiting's work sets a fresh hare going; Sartre's most recent *Trojan Women* play is seen within the framework of his political development and attention is given to his *Un théâtre de situations* (1973) with its many apercus about the work of other playwrights. *Finally*, the entire triumphant career of Anouilh is dealt with in six and a half pages—in itself a triumph of succinctness. I would have welcomed something similar on the undervalued Salacrou but one cannot have everything.

Geffrye Museum/Studio 4

Mary Beale and Anne Norwich

by WILLIAM PACKER

Few artists wait so long as Mrs. Beale for the first proper showing of their work, and after 300 years it is only to be expected that some exaggerated claims will be made on her behalf, by way of consolation. These are days of feminist agitation, moreover, in which she might well appear as a salutary example, an obvious candidate for the martyrdom of gender, valued at first below her worth and then all but forgotten, a victim of the sad chance of being born a woman.

We still affect surprise that women should be artists at all, and are inclined to patronise those whose claims to be so are in any way serious. The tradition that places painting and drawing as a polite accomplishment, and nothing more, dies hard. Recent experience should have taught us better: there have been many notable female artists this century; Barbara Hepworth, Gwen John, Marie *Laurencin, Bridget Riley: the list* goes on.

In any case, there always have been clever women in the visual arts, enough at least to provide the foundation for that same polite tradition. From Mary Beale's own contemporary, Artemisia Gentileschi, through the 18th century, with Angelica Kauffman, Vigee le Brun and Rosalba Carriera, and then on to the Impressionist ladies, *Cassatt, Valadon and Morisot*, the record is continuous and thoroughly worthy.

It must be said at once that not one has ever achieved the first rank: full of promise, perhaps, and even important, but never a great artist; though I hope we will live to see this generalisation confounded. The regimental riposte, of course, is that women have been forever denied the opportunity to fulfil their true creative potential, through the exigencies of their social role and expectations, and their natural function.

Mary Beale was no genius, but she was competent, conscientious and professional. She was given every encouragement by her husband, and every chance to practice her craft. She worked seriously, and was herself taken seriously by her contemporaries. From a gradually widening clientele, starting with her immediate family and social circle, in the upper reaches of the puritan middle class, she found more than enough work to keep her busy, and set her reputation. In 1677 alone she received 83 commissions a lot to do by any standard. She knew Lely, who helped her and influenced her work: and she had a general acquaintanceship within the artistic world of the time. Altogether it seems that she worked freely and openly, and was accepted on her merits. In trying to do the same for her ourselves, we do not need to place her too high.

Her work commands respect for its steadiness, its solidity and its modesty, all of which are manifest in the exhibition. *It is unadventurous, conforming* to the formulae of seventeenth-century portraiture, at times rather obviously and mechanically, especially in the working of the figures, and the swathes of drapery; but confidence grows with experience, and the best of the paintings, their heads in particular, are modelled with commendable assurance and sophistication. Mrs. Beale is worth noticing: and her instructive and enjoyable show, a nice contribution to International Women's Year, remains at the Geffrye Museum until December 21, going on to the Towner Gallery in Eastbourne in the New Year.

*

Now to our own time, and to another lady who is notably serious in her engagement with painting. In common with many artists of her generation, caught up in the convulsions Painting has suffered since the War, Anne Norwich finds, in moving away from a commitment to total abstraction, that she is somewhere in no-man's-land, a difficult but stimulating situation. Her work is overtly figurative, but the legacy of abstraction constantly asserts itself.

The figures, highly stylised though they are, read clearly, conjuring up their own world, their own hypothetical space; and yet the simplification of form, and the direct and expressive handling, re-affirms the paint and the surface, bringing us back to the formal preoccupations of abstraction. And this ambivalence is compounded by the ground against which the figures are set, hard-edged geometrical elements that move before and behind them, and against each other, and return again to assert the flat painted surface.

It is always important for artists to stand away from their work from time to time, to see it more clearly and dispassionately, and see the direction they are taking. Anne Norwich's work is changing radically, and her show marks only a point on that progress. Nothing is fully resolved yet, but the evidence of hard and serious thought is unmistakable. It is the kind of show that draws on our interest to the work to come. It remains at Studio Four in Downshire Hill, Hampstead, until November 18, and is open all week, including next Sunday.

Mary Beale: John Lowther, Viscount Lonsdale

Shaw

Clive James & Pete Atkin

by ANTONY THORNCROFT

The heavy hand of filthy lucre so dominates the music industry that there is little time for humour or irreverent satire. So musician Pete Atkin and critic Clive James deserve every *encouragement for trying to be* funny about pop and heartfelt thanks for actually succeeding for much of the time.

They are touring the country with a pleasantly Victorian format; lecturn stand for James and a piano for Atkin. It is very much the in-crowd's *Flanders and Swann, mingling* James' intellectual drolleries with Atkin's musical pastiche.

A recited snatch from the latest James narrative poem, sub-Chaucer; sub-Pope, entitled *Felicity Thark* and *basically* a simple man's snipe at rock culture; a few of Atkin's serious songs; and, to blend the two, send-ups of current pop "idles," James Paler (a half brother of *James Taylor*), *Gladys Graveyard* (related to Alice Cooper), Griff Gostuffyerself (a friend of Kris Kristofferson), and the like.

All told it ensured an amusing and erudite evening, on Sunday, *if it is possible* to be erudite about something as transitory as popular music. Perhaps Clive James brings too much intellectual weight to the subject, though it makes a change to have Latin tags flying around the stage. His well-plugged *Felicity Thark* is not his best work, being an unsubtle and predictably angled parody about the light-weight, media-created "personalities" who infest the gossip columns. They are so basically unimportant that James, unlike Dryden or Pope, cannot get really vindictive about such will-o'-the-wisps.

The same goes for his History *of Rock. The title "I flew with* Buddy Holly" is amusing, but the humour, like the music, is childish. It is a different Clive James who contributes the lyrics to Pete Atkin's songs, and the sardonic items about the manager the pair met in their early, exploited, days, and the longeurs of a session man, are spot on.

So are the parodies, taken from their new album *Live Libel*. James hits harder here than he does with *Felicity Thark*, and with Pete Atkin nicely under-playing the impersonations, we get the nearest I've seen to sophisticated satire on the *serious* business of music-making.

Round House

Sandstrom's Utmost

As an hors d'oeuvre to Boulez's own *Eclat*—a pretty, sparkling performance, conducted with great precision and elan by the composer—and to second half devoted entirely to Webern, the BBC Symphony Orchestra began its winter season of Round House concerts on Monday under Pierre Boulez with a new commission from the Swedish composer Sven-David Sandstrom (b.1942).

The BBC had thought it would be (in the words of Robert Ponsonby, Controller of Music) "*rather pleasant, as a kind of* thank you, if we commissioned a young Swede to write for the Round House"—in response to the special attention given by Swedish Radio to British music *during the first quarter of this* year, and in particular to their live broadcast of an entire Radio 3 Sunday.

Pleasant gesture it may have been: but pleasant the work was not. Even Sandstrom himself could summon up no great enthusiasm for it—*Utmost*, he told us in a programme-note, "is music of struggle, of contention, of deep pessimism." Its chief intention, deploying eight wind instruments and two percussionists for about 18 minutes, was to be "clear to the point of self-evidence, to be insistent to the point of the intolerable."

In the second part of his declared aim, Sandstrom succeeded very well, but largely by sacrificing the first part entirely. *Utmost* I found almost wholly opaque: a slow-moving sound-glue extruded *by two groups of wind instruments* tuned a quarter-tone apart, interrupted at irregular intervals by grim metal-percussion tones. It may have been significant that neither interruptions nor glue bore perceptible metrical relation to Boulez's quick and vigorous beat — an expression perhaps (sympathetically taken by the audience) of a young composer's utmost despair on receiving a commission? Contention and pessimism indeed.

DOMINIC GILL

Arts Council helps British jazz

Just released on his own label, "A" Records, is a recording of John Stevens directing the Spontaneous Music Orchestra in an extended improvision recorded "live" at a Music Now concert given in London last January.

This album is the latest in a series of recordings of contemporary British jazz—of widely differing styles — made with financial assistance from the Arts Council of Great Britain.

Other recordings assisted by the Council are: *The Peter Ind Sextet* (Wave Records LP13); *Will Power!* (Argo SZDA 164/5, *2-record set), recording of the* 1974 Shakespeare birthday concert in Southwark Cathedral; *The Kenny Wheeler Orchestra* (Incus Records 10); *The London Jazz Composers' Orchestra* (Incus Records 6/7, 2-record set): *A Symphony of Amaranths* by Neil Ardley (EMI Regal Zonophone SLR 21028).

ENO's long-term conducting arrangements

Long-term arrangements for the musical direction of the English National Opera company have been announced. The services of Charles Mackerras have been secured for a further five years. He will remain as musical director until December 31, 1977, and then as principal guest conductor until the summer of 1980.

Sir Charles Groves, at present musical director of the Royal Liverpool Philharmonic Society, has agreed to accept the post of musical director of the company from January 1, 1978, in succession to Mr. Mackerras.

WORLD TRADE NEWS

India to build $1bn. steel plant in Libya

BY K. K. SHARMA NEW DELHI, Oct. 11.

AN INDIAN engineering consultancy, Dastur and Company, has secured a contract to build an integrated steel plant in Libya against competition from several West European companies. Dastur will be paid Rs.100m. (£5.48m.) in management and consultancy fees. In addition, it has undertaken to supply comprehensive designs, management of construction and erection of the plant, assistance during start-up and commissioning, and helping in recruitment and training of Libyan engineers, operators and other staff.

The project envisages an investment of nearly $1bn. over the next decade by the Libyan Government. The first half of the project will be erection of the steel plant, and the second consists in establishing infrastructure facilities in the form of a trans-country gas pipeline, a port and harbour, a power house and a water desalinisation plant.

This is the biggest single consultancy contract that an Indian concern has won, since Dastur will not only set up the plant but also the infrastructure facilities. It is likely that much of the equipment for the plant will be of Indian origin.

The steel plant will start with a production of about 1m. tonnes, with provision for expansion to 5m. tonnes. The plant will be located near the coast, but the exact site has still to be chosen.

Middle-East shipyards

India and Yugoslavia are jointly to bid for contracts to set up shipbuilding yards in the Middle East in a move to attract petrodollar investment.

This was agreed at a meeting of the Indo-Yugoslav Committee on Industrial Co-operation, which has decided that Indian tyres and tubes, finished leather, tractor components, pig iron, auto parts and packeted tea will be sold in Yugoslavia.

Indo-Yugoslav trade has risen to Rs.1.25bn. (£68.5m.) in the first nine months of 1975, compared with Rs.450m. (£24.7m.) in the whole of 1974.

Meanwhile, talks to finalise the Indo-Hungary trade plan for next year begin to-morrow.

Contracts Abroad

SOLEL BONEH, the construction company owned by the Israel Federation of Labour, reports contracts at June 30 were worth $420m., against $222m. on January 1. Work valued at $30m. was carried out in the period.

EEC retaliates against Swedish import curbs

BY REGINALD DALE, COMMON MARKET CORRESPONDENT BRUSSELS, Nov. 11.

THE EEC to-day hit back at Sweden in the trade skirmish provoked by Stockholm's decision to curb boot and shoe imports. The Brussels Commission said that from this week-end EEC tariff concessions would be removed on certain types of Swedish paper products, and it is widely expected here that duty increases on other items will follow shortly.

Sweden has justified its move on the grounds that Swedish boot and shoe production must be protected if the country is to have sufficient home-produced supplies in time of war. But the argument has been strongly rejected by the Commission, which sees the Swedish move as an extremely dangerous precedent at a time when many other countries, especially the U.K., are flirting with the idea of import controls.

Although to-day's EEC move was clearly retaliation for the Swedish measure which came in to force last week, the Commission has in fact done no more than follow the letter of the 1973 Free Trade Agreement with Sweden. This gives the Community the right to reimpose the full common external tariff on "sensitive products" once Swedish exports have gone above fixed "ceilings."

Swedish exports of the paper products in question (under heading 4851B of the common tariff) went through the 1975 "ceiling" of 12,613 tonnes in August, and have now reached around 16,000 tonnes. The tariff imposed by the original six EEC members for the rest of the year will accordingly now be raised from 10.5 per cent. to the full 12 per cent. and the new 1976 "ceiling" soon to be proposed by the Commission is unlikely to be generous to the Swedes.

EEC officials are still unclear about the precise situation on the British market, where there is an optional tariff quota of just over 2,800 tonnes at zero duties. If the British quota has in fact been exceded, the U.K. duty would now move up to 7.2 per cent., the officials said.

There is no obligation on the EEC to reimpose full duties when "ceilings" are exceeded unless a member state lodges a complaint in Brussels. Last year the reduced tariff was maintained even though Swedish exports ran over 10,000 tonnes above the ceiling.

Brazil imports fall, but big deficit likely

BY OUR OWN CORRESPONDENT SAO PAULO, Nov. 11.

A STUDY by the U.S. Trade Department says Brazil was the country that most increased the value of its imports between June, 1974, and July, 1975, with a jump of 102 per cent.

Nearly all the increase, however, occurred during the second half of 1974, when imports soared, with many companies acquiring large stocks.

This year, because of strict government controls, Brazil has managed to hold the increase down to 1.2 per cent., with imports worth $9.16bn. by the end of September, compared with $9.06bn. in the equivalent 1974 period.

Despite the constant emphasis given by government officials to the heavy weight of oil, in fact this product, costing $2.29bn., an 11 per cent. increase over the same months of 1974, was not the item that headed the list. Imports of machinery and electrical equipment took first place, with $2.49bn., a 42 per cent. jump over last year.

Brazil will probably finish the year with exports worth just under $9bn., a 12 per cent. advance on 1974. If imports are held down to $12.5bn., as seems likely, that would leave a trade gap of $3.5bn., which although much better than last year's $4.6bn., is still alarming.

More liberal approach to US-Hungary trade sought

BUDAPEST, Nov. 11.

THE U.S.-Hungary Economic Council, at its inaugural session held here yesterday and to-day, called in its final communique for the liberalisation of current tariff, export credit, and other restraints narrowing the volume of trade between the U.S. and Hungary.

Privately, members of the 26-strong U.S. delegation of leading executives of major industrial, commercial and banking concerns said that a breakthrough was unlikely until the U.S. extended to Hungary's exports most-favoured-nation treatment. Legislation concerning that might have to wait until after next year's presidential elections, it was hinted.

The Council, formed in March, 1975, and made up of senior executives of a representative cross-section of the U.S. business community and their counterparts in Hungarian foreign trade organisations and industrial and agricultural enterprises, also held discussions with Mr. Jozsef Biro, Hungarian Foreign Trade Minister and Mr. Janos Fekete, the National Bank vice-president.

The next meeting will be in Washington in September 1976. It will serve "a catalytic role" in expanding business relations between enterprises of the two countries.

AP-DJ

Poland to slow down future rate of investment

BY DAVID LASCELLES

POLAND, ONE of Comecon's biggest spenders in the past five years, will slow down its investment rate in the next Five Year Plan beginning in January, Mr. Henryk Kisiel, the Finance Minister, said in an interview with the Financial Times in Warsaw.

Although overall investments in the Plan period would be some 40 per cent. higher than in the last five years, the annual rate of growth would be small, he said, and Poland would now concentrate on selling rather than buying.

Mr. Kisiel's remarks appeared to confirm that Poland is nearing the end of its phase of heavy investment initiated by Mr. Edward Gierek after he had been swept to power in the popular upheavals of late 1970. But Mr. Kisiel stressed the continuity of Polish economic policy, and said his country was still interested in buying abroad, even if on a smaller scale, and that the intention now was to "reap the harvest" of investment.

Among the reasons he listed for the slowdown on the achievement of many investment aims, the country's acute shortage of building capacity, and the fact that Poland had invested on such a broad front that it now needed to complete a large number of ongoing projects.

The uncertainties created by the western economic recession also played a role, since Poland wanted to repay its investments by selling in the West.

Investment would now be concentrated on modernising the Polish economy, he explained, and in making better use of materials rather than launching many new projects. Large sums would be spent developing Poland's raw materials such as coal, copper and sulphur, and on selected major projects — farm machinery, chemicals and steel.

Special emphasis would go on industries with export potential. Mr. Kisiel saw good prospects for raw materials, shipbuilding, construction equipment and the motor industry. Agricultural goods such as ham and vodka also looked promising.

The Minister said exports were planned to increase 40 per cent. faster than imports, and that foreign trade would play a far larger role in the Polish economy. Poland did not intend to withdraw from the international market place now that it had made its purchases, he pointed out. Rather the opposite—Poland wanted to involve itself much more deeply.

The country would continue to seek credits abroad in contrast to the pre-1970 policy of shunning foreign indebtedness. The ratio of debt servicing to export earnings was currently 20 to 2[illegible] per cent., he stated. A major goal was to reduce the trade deficit that had accumulated over the past five years. According to Polish officials this is in the region of $2.2bn.

On domestic affairs, and particularly the sensitive issue of prices, Mr. Kisiel said he favoured a flexible price policy of "controlled inflation" because that allowed natural processes to shape the economy. But Mr. Kisiel stressed that although Mr. Gierek's ruling party had accepted the principle of flexible prices, it had not yet decided whether to raise prices in the New Year.

Basic consumer prices, always an explosive issue in Poland, have been frozen for five years but there is widespread speculation that they will soon go up.

Mr. Kisiel concluded that the prime aim of economic policy in Poland was to increase living standards. The Government was therefore keeping a close eye on real wages, social services and the flow of consumer goods.

Changes in U.S. 1976 tariff concession list

WASHINGTON, Nov. 11.

PRESIDENT GERALD FORD has notified Congressional leaders that the U.S. has added Hong Kong, Israel, Romania and other countries to the list of nations eligible for special U.S. tariff concessions at the start of 1976.

At the same time, the White House removed Vietnam and Cambodia from the eligibility list, which now includes 97 developing countries in Latin America, Asia and Africa, plus 40 dependent territories of other countries.

Mr. Ford decided that imports from Turkey, Cyprus and Somalia also should be added to the list of countries designated several months ago as eligible for the U.S. tariff preferences. Because of congressional restrictions, major oil-exporting nations in OPEC will be barred from receiving the concessions.

The OPEC countries include several nations—among them Venezuela, Ecuador, Indonesia and Nigeria—which did not embargo oil shipments to the U.S. in late 1973 and early 1974, Administration officials said, however, that there was no way to include them in the group eligible for the U.S. generalised tariff preferences.

AP-DJ

Export Contracts

CRYOGENIC REFRIGERATION SYSTEMS (BOC) will export helium "super-coolers" costing £112,000 to Iraq and Japan.

TRANSMARK (British Rail) to act as consultant to the Iranian State Railways on electrification and double tracking of the Tehran-Tabriz line.

MOLINS will build cigarette making and packaging machinery worth £750,000 for Malayan Tobacco, Kuala Lumpur, as the first stage of a three-year modernisation and expansion programme.

BRITISH INDUSTRIAL CASES will supply header units to new dockyard complexes in Iran and South Korea, providing terminal outlets for welding and cutting gases, for £40,000.

CLARK EQUIPMENT is supplying British Aircraft Corporation with fork lift trucks and spares valued at £100,000 as part of an ongoing defence support contract with the Royal Saudi Air Force.

AUTOMOTIVE PRODUCTS has sold £40,000 worth of automatic tensioning equipment for overhead cables on electrified rail systems to Holland.

CARGOMATIC, West Drayton, Middlesex, will manufacture eight petrol-driven transporters costing £100,000 for Iran Air to handle Boeing 747 containers.

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AMERICAN NEWS

Beame cuts NY budget by $200m., lays off 8,000

BY JAY PALMER

NEW YORK, Nov. 11.

EW YORK City Mayor Abraam Beame this morning announced preliminary details of is planned savage cuts in city pending in a desperate attempt regain credibility for his dministration and simulaneously silence federal Government criticisms that the city has one little to help itself out of s current financial crisis.

Slashing city spending in the urrent fiscal year by more than 200m., the Mayor said that his nove would eliminate more than 000 additional jobs from the ty payroll. This would bring well over 45,000 the number f employees laid off so far this ear.

The Mayor's budget cut of 200m. is the first stage of the dministration's three-year plan reduce the annual city budget v $724m. by 1978. However, ointing out that these new eductions must still be approved y the State Control Board overseeing city spending and effectively the unions themselves, many are already arguing that the Mayor's proposals are too little and too late.

The harshest cuts in the immediate future fall on the Board of Education, which will have its existing budget cut by $39m. Officials in the Mayor's office pointed out that the exact nature of the savings were at the discretion of the Department but that they did not expect that any schools would have to close.

The New York City Police Department will have to reduce spending by nearly $20m. under the Mayor's plan and senior officers commented that this would mean further layoffs of at least 1,000 uniformed patrolmen.

David Bell adds from Washington: Dr. Arthur Burns, chairman of the Federal Reserve, to-day slightly modified his opposition to Federal aid for New York City to prevent default.

Speaking to a group of Republican Congressmen, Mr. Burns said that he was still "struggling with the problem" of the impact of a possible default. He said that his concern about the situation had "deepened," but that he had not yet concluded that federal aid was necessary.

Mr. Burns said that he would not change his mind "unless and until" the current deterioration in the municipal bond market spread to other financial markets and there was no sign yet that this had happened or was likely.

Last week Mr. Burns said that highly-placed financiers in Europe had assured him that it was most unlikely that default would have serious repercussions wordwide, but to-day he conceded that there was "nothing approaching a sound basis for predicting the effect of default on other states or on the nation as a whole."

NY Times strike twice-delayed

BY JAY PALMER

NEW YOFK, Nov. 11.

HE NEWSPAPER Guild of New ork this morning unexpectedly tended its deadline for a strike ainst the New York Times for e second time in less than four urs. Federal mediators, supersing the 11th-hour new-contract lks between the newspaper and principal union, stressed that is was the final extension and at "one way or another talks ll end at noon."

Originally the Guild, which presents about 2,000 editorial d administrative employees of e Times, had set a strike deade of 7 a.m. this morning. However, following all-night negotiations during which both sides reviewed a number of unspecified proposals and counter-proposals, the deadline was extended to 11 a.m. A further one hour extension has now been added.

Talks between the two sides centre on Guild proposals for a three-year contract to replace the one that expired last spring. Unlike the continuing bitter dispute at the Washington Post over the introduction of new newspaper technology, the disagreements in New York largely concern salary increases, fringe benefits and the union's demand for closed shop membership.

Last week, following a breakdown of the then more than six-month-old, low-key negotiations, the Guild announced to-day's first deadline of a threatened strike. While it was simultaneously negotiating with the New York Daily News, the union made it clear that it would only halt the Times. Yesterday evening the publisher of the Daily News strongly hinted that his paper would voluntarily suspend production if the Times' publication was halted.

Senate may reject Home Loan nominee

WASHINGTON, Nov. 11.

IEMBERS of the U.S. Senate Banking Committee may tomorrow take the rare action of ejecting a former Congressnan for a top Government ost.

Confirmation of former Georgia Representative Ben Blackburn, nominated by President Ford to head the Federal Home Loan Bank Board, appears to depend on Senator Edward Brooke, a key member of the Senate Panel. At a hearing on Monday, Senator Brooke did not appear to like what he heard from Mr. Blackburn, a staunch opponent f civil-rights and fair-housing egislation while in Congress Mr. Blackburn's nomination as come under heavy attack rom civil-rights, labour and onsumer groups who are upset with his voting record on ssues involving minorities.

Morton faces contempt charge from Congress

BY DAVID BELL

WASHINGTON, Nov. 11.

A CONGRESSIONAL subcommittee to-day cited Mr. Rogers Morton, the outgoing Commerce Secretary, for contempt of Congress following his renewed refusal to supply the names of American companies complying with the Arab boycott of Israel.

The contempt citation follows a lengthy battle by Democratic Representative John Moss, the Chairman of the House Commerce Oversight Subcommittee, to force the Commerce Department to release the information it has already collected on the attitudes of U.S. companies to the boycott.

Representative Moss described the Commerce Secretary's refusal to supply the information as a "precedent more pernicious than executive privilege" and he sees the issue as a test case for Congress in its new-found, post-Watergate determination to win more access to federal information as of right.

The Commerce Department maintains that by law it is not required to supply this information which, it says, is gathered in confidence. This view is shared by Mr. Edward Levi, the Attorney General, who has backed Mr. Morton's stand.

The contempt, believed by some observers to be the first in the nation's history, will go before the full House Commerce Committee and then before the House of Representatives. If successful, as Representative Moss says he is confident it will be, Mr. Morton could eventually be sent to prison.

T CONFERENCE ON OFFSHORE *FINANCIAL CENTRES*

'Subject to the whims of the user'

BY ROBINS PRINGLE

NASSAU, Nov. 11.

ASSAU is one of a new type of ternational financial centre eated in recent years by the pid growth in the volume and latility of international liquid nds, Mr. T. Donaldson, overnor of the Central Bank the Bahamas, said here to-day an address on the first day a two-day conference on ffshore Financial Centres ganised by the Financial Times d The Banker.

These centres were to be distinguished from traditional financial centres such as London and New York. Foreign investors did not place funds in the financial markets in the Bahamas since there were few long-term investment opportunities and no well-developed capital market. The volatility of short-term funds had encouraged competition between financial centres. For example, Luxembourg had encouraged the public establishment of holding companies which could be used to avoid payment of withholding taxes on foreign securities. Recently the Secretary of the U.S. Treasury had proposed the abolition of withholding tax on dividends and interest paid to non-residents.

In these circumstances new offshore centres were more vulnerable than traditional centres. They were subject to the whims of the user. "We in the Bahamas are aware of our vulnerability," said Mr. Donaldson. "We are constantly assessing our competitive position; our tax advantages; our exchange control regulations; our company law; our bank secrecy."

The progress of the Cayman Islands as a financial centre was reviewed by Mr. V. G. Johnson, Financial Secretary of the British colony. Over 200 banks and trust companies and approximately 7,000 companies were located there and about 1,300 new companies were registered each year. The emergence of the Cayman Islands was not specifically designed by the Government of the territory but was created through a natural economic development encouraged by the Government's attitude of support for free trade and free enterprise.

Communications had improved and a Cayman-Nassau airline route should be in operation shortly, in addition to existing connections with Jamaica, Costa Rica and the U.S. In banking, increasing numbers of multinational corporations were applying to establish subsidiaries to operate their international banking business.

Mr. Dryden Gilling-Smith, MD, Employee Benefit Services, referred to the extensive role which low tax countries could play in improving the cost-effectiveness of company remuneration policies. The popular view that there were a few easy dodges such as paying salaries in the Cayman Islands was erroneous. Easy dodges were equally easy for tax authorities to stop. There was, however, substantial mileage in restructuring the employment situation, for example by transferring many employees to say a Swiss subsidiary and charging for their services world-wide. More employees were now getting overseas work.

In a talk on "The Euromarkets and Offshore Centres," **Mr. John Kitchen,** managing director Wobaco Tobacco Trust Limited, predicted much greater competition in Eurodollar lending business, with the probability of non-U.S. banks being in competition not only with foreign branches of U.S. banks but also, since the ending of U.S. capital restrictions, with U.S. banks' head offices. The markets had grown substantially since the beginning of this year despite many new issues in the Eurobond market.

CANADA'S ANTI-INFLATION PROGRAMME

The unions will not play

BY JAMES SCOTT, TORONTO CORRESPONDENT

FOR BETTER or worse, Canada has adopted a mandatory programme of wage and price controls with the aim of forcing the rate of inflation down from its current level of 11 per cent. to about 4 per cent. within three years. Compared with some other western industrialised countries, Canada seems to have a mild inflation rate, but in the Government's view, wage increases granted this year—average 18 per cent. in the first six months—and the amounts that were being demanded in negotiations for new contracts (up to 71 per cent.) were threatening the country with ruin.

Although the Federal Government has achieved a high degree of co-operation from the provincial Governments, which it requires because of the constitution, the public consensus it had hoped for and urgently needs, is not emerging. Business and industry have not been persuaded that the programme will work, but in most cases spokesmen have indicated they will do nothing to undermine the plan.

The trade unions are another matter. When Mr. John Munro, Minister of Labour, and Mr. Donald Macdonald, Minister of Finance, held discussions with labour leaders in the days leading up to the announcement of controls, they concluded that there was a reasonable chance that the unions would go along. Instead labour leaders have thrown up a solid wall of opposition, in most cases stopping just short of outright defiance, publicly at least. To gain support for the programme Mr. Pierre Elliott Trudeau, the Prime Minister, and several cabinet ministers have been on a cross country public education-public relations campaign of an intensity normally seen only during election campaigns. The object is to persuade the people to co-operate, but Mr. Trudeau has appeared more to be trying to intimidate, threatening to jail those who disobey the controls.

The Government may need to introduce a number of modifications to make the scheme generally acceptable. Among the weakest aspects are the provisions dealing with prices. Workers have expressed the fear that prices will continue to rise at their expense, and they have good reason to believe so. Although food, energy and housing account for just under 60 per cent. of the cost of living, food and energy prices are not covered by the controls. The rate by which rents increase is to be controlled, but mortgage interest rates are exempt, so that the cost of new housing could be affected.

As for energy, Ontario Hydro has just announced that its rates will increase by 25 per cent. on January 1, petrol and natural gas prices are geared to world prices, which are still rising.

Interviewed on radio, Mr. Trudeau had an answer to the public fears that prices of controlled products would continue to soar while incomes were restrained. "You put a few businessmen, or a few union leaders, or a few landlords, or a few doctors in jail for three years, and the others will get the message," he said.

> "You put a few businessmen, or a few union leaders in jail . . . and the others will soon get the message." Prime Minister Trudeau

The Government a few days ago made a move to lessen the fears of those who foresee a steady rise in the already high cost of new housing. The Urban Affairs Minister, Mr. Barney Danson, announced a programme under which up to $750m. will be provided for the construction of moderately priced housing with a mortgage interest rate of 8 per cent. compared with the 12 per cent. now charged by financial institutions.

Union leaders have been vocal in their criticism of the incomes policy, but responsible unionists have been careful publicly to advocate respect for the law. Mr. William Mahoney, Canadian director of the United Steelworkers of America, said his union will fight the legislation by every legal means. The Canadian Labour Congress, an umbrella organisation that represents 2m. workers in a number of unions, is establishing a fund to oppose the legislation. What it has in mind is a court test of the legality of the programme.

Mr. Joseph Morris, President of the CLC, said "I'm a law abiding citizen, and I would not counsel anyone to civil disobedience." But during a private meeting of labour leaders with Mr. Trudeau in Ottawa on October 30 he was heard to say: "I'll tell you this is one goddamn law that I'm prepared to disobey, no matter what the cost."

The Government has set selective ceilings on wage increases during the next three years. They are 8 per cent. the first year, 6 per cent. the second, 4 per cent. for the third. Provision is made for four percentage points more for special cases in the first year—two points for increased productivity, and two for those left beind because of long-term contracts just expiring. In the second and third years, provision is made for an extra two percentage points for increased productivity.

But there are a number of exemptions. For instance, companies and unions will be allowed to breach the guidelines for increases necessary to maintain long-established historical relationship, between wages of closely related groups, or for other special cases of equity, such as equal pay for women.

Workers and their employers have grave doubts about the fair and impartial administration of such controls, for good reason. News reports from across Canada almost daily show the disrespect a good many have for the programme. Since the controls were announced, the Government has offered striking indoors post office workers an increase of 38 per cent. which has been rejected. The amount offered is not as much as it seems, since it is over a 30 month period, but nevertheless exceeds the guideline, except that this particular case comes under the historical relationship clause. Outside postal workers were granted a similar increase earlier this year.

School teachers in two regions have been granted and have accepted pay increases of 21 per cent. and 41 per cent. respectively. Another group of school teachers has rejected an offer of 43 per cent. in one year. Firemen have been granted an increase of 16.8 per cent. and taxi drivers have been allowed to rise 16.8 per cent.

Whether such increases will be allowed to stand rests with the Anti-Inflation Board which has not yet been completely staffed. The man who has been given the job of heading the board to monitor the programme and having the overall responsibility for assuring that it is as far as possible fair and effective is Mr. Jean-Luc Pépin. When he was appointed, Mr. Pépin succinctly summed up his job as "an impossible task that we're trying to make possible." If anyone can make it possible, Mr. Pépin probably can. He was an outstandingly successful Minister of Industry, Trade and Commerce in the Liberal Government until he lost his Commons seat by a handful of votes in the 1972 election. Since then he has been a successful consultant to private business seeking to enter export markets. He has a persuasive manner and a tremendous sense of humour, and a great knack of presenting thoroughly researched data to substantiate his decisions, or when making pleas to adversaries.

Mr. Trudeau has long maintained that the basic cause of inflation in Canada is the attempt by too many people and too many groups to increase their incomes more quickly than the country increases its wealth. But there are statistics to show that his own Government is among the worst offenders in this area. During the second half of 1973 and all of 1974, government expenditures on goods and services increased by 22 per cent., compared with a 15 per cent. increase in personal expenditures by individuals. Similarly, the authorities have expanded the money supply at a rate greatly exceeding the rate by which real output grew.

Last year Canada led the rest of the Western industrialised world in monetary expansion. According to International Monetary Fund Statistics it increased the money supply by 18.9 per cent. The country showing the second largest increase was France, with 18.1 per cent. Other increases ranged down to 4 per cent. in Switzerland. The Canadian money supply was continuing to expand this year at a rate in excess of 20 per cent. until the lid was clamped on at the urging of the former Finance Minister, Mr. John Turner—who resigned because he was unable to obtain the consent of the Cabinet to impose even tougher controls than have now been implemented.

Oddly enough, the Government lacks a mandate to impose wage and price controls. In fact it was elected to do the opposite, since it was a major part of the platforms of the defeated Conservative leader, Mr. Robert Stanfield, that he would impose such controls. Apart from that, constitutional law specialists say that under the British North America Act, which reserves certain rights for the provinces, the programme may be unconstitutional and could wind up being scrapped if attacked in the courts. They say that long standing decisions of the Supreme Court of Canada make it clear that federal-provincial collaboration by itself is no guarantee that the federal legislation could withstand a challenge by companies, trade unions, or even private citizens. If such a challenge arises, and the labour unions have indicated that it is their intention to try, the outcome could jeopardise the entire programme.

EUROPEAN NEWS

Portugal planning wide range of economic curbs

BY PAUL ELLMAN LISBON, Nov. 11.

THE Portuguese government is expected to adopt shortly a wide-ranging austerity programme, including rationing of basic foodstuffs, price controls and wage restraint, running in some cases to cuts in top salaries of up to 15 per cent.

The programme has been prepared as part of the government's effort to obtain financial aid from international organisations like the EEC to meet a trade deficit expected to total Escs.55bn. this year (about £1bn. at the official exchange rate) and the threat of a real drop in GNP of between 10 and 15 per cent.

The campaign to prepare the Portuguese for the measures the Government is expecting to take began with a warning from the Finance Minister, Dr. Salgado Zenha, that the country faced "bankruptcy." He compared Portugal's present economic plight with that which it faced in 1926 and which led to the installation of the Salazar dictatorship.

A working paper, which the sixth provisional government is expected to make official policy, points out that Portugal has been able to cushion itself against the worse effects of its economic crisis through deploying the large foreign currency reserves inherited from the regime which ruled the country prior to the April 25 coup last year.

These reserves are now virtually exhausted and, in the depressed state of the international gold market, the government feels unable to call upon the country's still massive gold reserves.

At the same time, the political and economic instability of the past nine months has brought a virtual halt to remittances from Portuguese working abroad, who previously accounted for around Escs.25bn. annually.

Recognising that the policy is likely to be adopted only after acrimonious debate — the leader of one of the country's biggest political parties told the Financial Times he thought the proposals were "Malthusian"—the document also warns that its application is likely to provoke "serious political problems." Consequently, its formal announcement is likely to be delayed until the Revolutionary Council of the Armed Forces Movement has completed the task of restoring military discipline.

The document argues that consumer spending will have to be cut by Escs.35bn. if there is to be any chance of a pick-up in industrial investment.

Among the steps proposed towards achieving this is the use of the control the Government has over the prices of a number of goods to increase these sharply, while at the same time drawing up a rationing scheme for essential imported foods.

To reduce the growing public sector deficit, the document proposes a programme of priorities for Government departments as well as measures to increase the tax take by, for example, ordering that some taxes be paid in advance on the basis of the previous year's calculations.

To protect the escudo, which has seen its value drop dramatically on foreign exchange markets recently, the document suggests that the currency might be made non-convertible outside Portugal. However, it suggests also that foreign tourists be offered an especially favourable rate as a means of getting the country's tourist industry, believed to have declined by 20 per cent. this year, moving again.

Strict measures to control the imports of motor-cars and other luxury items are also proposed, as well as steps towards cutting the country's energy import bill. Among these, the document proposes restrictions on heating and lighting as well as the use of a device tried previously in Peru where cars are only allowed on the roads on alternate days, depending on whether their number plates end with an odd or even number.

The most controversial proposals, however, relate to steps to cut back wage inflation, estimated to have been running at an annual rate of 25 per cent. or more and which has been fuelled by easy access to bank loans.

The document calls for a 15 per cent. cut in the maximum legal salary, restrictions of profit distribution to last year's levels and the freezing of industrial wage negotiations until the end of the year. This last proposal is likely to provoke a fierce response from Communist-dominated unions, particularly in the steel industry where the annual round of wage bargaining is about to begin.

Government may replace Copcon commander

BY OUR OWN CORRESPONDENT LISBON, Nov. 11.

CONSIDERABLE doubts tonight surrounded the political future of Brigadier General Otel Saraiva de Carvalho, the left-wing commander of Copcon, the internal security force. General Saraiva de Carvalho ostentatiously stayed away from the meeting of the Revolutionary Council of the Armed Forces Movement, which broke up in the early hours of this morning without issuing any communique.

The meeting is known to have discussed, at the request of the Government, the crisis of authority which the Prime Minister, Admiral Pinheiro de Azevedo, has made clear is the biggest single threat to the survival of his Cabinet.

Gen. Saraiva de Carvalho instead spent his time visiting military units outside Lisbon.

The General, who has identified himself more and more recently with extreme left wing elements who seek the introduction of "direct democracy" in Portugal rather than the Parliamentary system favoured by the major parties, denounced the "successive personal attacks" which he said characterised Council meetings.

Some sources have suggested that the counter-offsensive against the extreme Left might result in General Saraiva de Carvalho being removed from his post and his replacement by a figure more sympathetic to the Government.

Juan Carlos faces fight over PM

BY ROGER MATTHEWS MADRID, Nov. 11.

THE FIRST of several constitutional battles in Spain is warming up over the freedom of Prince Juan Carlos to choose his first Prime Minister. Ultra-conservative members of the regime have been stressing privately that they can limit the future King's freedom of action severely, thanks to the constitution and, especially, the 17-man Council of the Realm.

The Prince and Prime Minister Carlos Arias are understood to have been sufficiently worried by this attitude that they are considering rushing through a constitutional amendment to limit the powers of the Council.

Article 14 of the Spanish Organic Law says that a Prime Minister is selected following deliberations by the Council of the Realm, which then sends a list of three candidates to the Head of State. Should the Prince not like any of the names, he can ask the Council to try again. Theoretically, this process can continue for days, even weeks and might eventually lead to a stalemate.

Innocenti violence will not halt talks

By Tony Robinson

ROME, Nov. 1

TO-DAY'S shooting of Valerio di Marco, Leyland Innocenti's personnel director, denounced by both the trade union confederations Leyland's shop steward committee as a criminal act of pr cation.

Sig. di Marco, who has involved in the complex partite talks between Leyl the Government and the un over the Leyland plan to dis 1,500 of its 4,500 Italian wor suffered only flesh wounds he was shot while preparin drive off to work in the industrial suburbs.

The union reaction to to- violence, observers pointed indicates that labour rela at the plant should not damaged nor should the co within which Leyland's futu Italy is being decided changed.

Last Friday, Leyland off agreed not to take any unila action in the dispute November 22, the date on w the Government has promis announce its plans to employment for the workers Leyland wants to miss.

Nevertheless, Leyland made clear it is not prepar keep pumping cash intr Italian subsidiary, survival depends on higher ductivity and a slimmer l force. In August, British land injected more than into Leyland Innocenti. company has also tr labour costs by about 15 cent, through abolition of shift working and its re ment by a single shift. now, however, Leyland has obliged to carry its full d shift workforce of 4,500 agreeing to a rota syste short-time working.

This it complains, is ve pensive and does not get heart of the problem, wh that of shedding 1,500 w immediately and establish production level of about vehicles annually, with workers on a one-shift ba

However, Leyland exec here insist that the compan not want to abandon its subsidiary; but in the last the company says it has it clear to both the union the Government that it w obliged to withdraw unl solution can be found relieves Leyland Innocenti one-third of the labour fo can no longer support.

Brandt kicks congress into life

BY NICHOLAS COLCHESTER MANNHEIM, Nov.

HERR Willy Brandt, chairman of West Germany's Social Democratic Party, opened his party congress here to-day by attacking the CDU conservative opposition in unprecedented terms, before rounding on the SPD's failings and suggesting the improvements that were needed for its general election campaign in 1976.

The ex-Chancellor seemed to have regained his old vigour as he weighed into Franz Joseph Strauss and the CDU-CSU opposition parties. "The CDU has given the initiative to a German nationalist clique," he said, "and from the CSU emanates a destroying anti-spirit. In its present condition, the union is not only unable to govern: it is becoming a security risk for our country—in foreign, domestic, economic and social policies."

The speech was less a congress speech than campaign rhetoric. not since Konrad Adenauer's assertions in the 1950s that social democracy would make West Germany ungovernable, could the party representatives at Mannheim remember such words being used about an opposition. Herr Brandt accused them of stirring up anxiety and insecurity for their own ends.

He then re-established the balance with an honest assessment of the SPD's recent decline in the polls and particularly its loss of support in the German cities. He blamed lack of internal discipline and of decisiveness and the way in which internal disagreements within the SPD were fought out in public. He also blamed deficiency in the party leadership, himself included.

He suggested that "an undoctrinaire party must not deal with differences of opinion as though holy war—with burnings and canonisation—has broken out." He urged that "a flexible party must watch the pace and financial security of its plans, just as much as worry lest the impulses behind its reforms appear to flag."

He argued that the SPD must make the aims of social democarcy really clear to the electorate, but must stick to the realm of the possible in pursuing them.

Herr Brandt said the SPD must re-establish itself as a party of the people by talking clear German, by concentrating on activity at a local level, and by making sure that it was not taken over wholly by civil servants to the exclusion of people in the private sector.

He was particularly tough on the Young Socialists, implying that they consisted only of students and should recruit industrial trainees, young workers and young white-collar wo to their cause. He heaped on the "Jusos'" demand upper limit to income in Germany of DM50,000 a and he concluded that leadership obviously did speak for the Social Democ

Herr Brandt spoke to his rather as a worldly pre might dress down an erran gregation and the party warded him with an ovation literally brought some of decorations down.

He demanded clear aims with readiness to compr and aplied this thesis pa larly to the difficult questi *mitbestimmung*.

This question, over whic SPD and its coalition par the Free Democrats, are pressed to work out a co mise, still threatens to pr fuel for ideological argu later in the congress.

Growing concern on Norway North Sea platform safety

BY FAY GJESTER OSLO, Nov. 11.

PUBLIC concern is growing in Norway about the adequacy of inspection procedures and safety *routines on Norwegian North* Sea oil platforms. Information which has emerged since the recent Ekofisk accident—when three men were killed, and three injured, following an explosion and fire on a production platform seems to indicate that a good many unnecessary chances were taken, in several fields.

An example was the revelation at the week-end, that a former head of the Petroleum Directorate's *inspection division* had resigned a year ago because he felt that he had too few men to do a satisfactory job. After his resignation the official, Mr. Arne Flikke, wrote a memorandum to the Directorate detailing his reasons for quitting, and warning that inadequate inspection could lead to an accident. Though the report was passed by the *Directorate* to the Ministry of Industry, it was never seen by the Minister, and seems to have been *disregarded* by the *Ministry* officials who did read it.

The "Flikke Affair" is the background for a special meeting to-day of the Storting's Industrial Affairs committee. The Minister for Industry, Mr. I. Ulveseth, and senior officials of the Petroleum Directorate, who are attending, will be asked to explain why committee members were not told about Flikke's resignation when the Minister spoke to them last Friday about safety on the Ekofisk field. The Flikke story appeared in the Norwegian Press the following day. Members are angry that they should have had to rely on the newspapers for information about "important events in the state oil directorate," as one member put it.

Then there is the matter of the protective concrete and plastic covering on the feeder pipe which rusted, causing the accident. Initial reports said oil *company* inspectors discovered last September that the covering was missing, and were planning to replace it. Later, however, a Stavanger newspaper claimed that the covering had been missing for at least 15 months—and published a 15-month-old photo of the platform to prove it. Workers on the platform confirmed the paper's story.

Press reports have also spotlighted the question of hazardous *manoeuvring* by ships calling at North Sea platforms. Such manoeuvres may well have done the first, crucial damage to the pipe's covering. Norwegian skippers in charge of supply boats and pipelaying barges have often complained in the past that traffic to and from the platforms is controlled by oilmen lacking maritime experience, who order the skippers to take "indefensible risks," in order to save time. The Oslo "Journal *of Commerce and Shipping*" *said* in a leader yesterday that there seemed to be a need for "more seamanlike" supervision of North Sea installations, and that "experienced and responsible men from Norway's merchant fleet" would be well qualified for the task.

The latest disturbing revelation is that Phillips, the operators of Ekofisk, did not follow their own emergency procedure when the platform blast occurred. This called for a report on the accident to be made simultaneously to Phillips base near Stavanger, and to the Norwegian West Coast Rescue Centre at Stavanger's Sola Airport. The base only was informed, and officials at Sola did *not get the news* until Phillips' security chief arrived there by car, 40 minutes after accident.

Socialist disarray on farm budget

By Robin Reeves

LUXEMBOURG, Nov. 11.

AS EUROPEAN Parliament MPs voiced almost unanimous criticism of the West German-*inspired cuts in the EEC's 1976* draft budget and called for most of them to be restored here to-day. British Labour MPs were brooding whether to mount a direct assault on Common Agricultural Policy expenditure provided for in the budget.

This follows complete disarray in the European socialist camp over drawing up a common strategy for to-day's budget debate. The group apparently voted *overwhelmingly* at a special meeting in Brussels last week to challenge CAP expenditure. This accounts for over 70 per cent. of next year's draft budget as it stands, but was left almost totally untouched by the Council of Ministers.

However, British sources claimed that when *the group* met again here in Luxembourg, the German Socialists in particular took fright at backing an assault on the CAP with some of them dependent on farm votes.

The British Labour group was planning to meet to-morrow before taking a final decision on the matter. They still have an opportunity to table an amendment since the budget will not be voted on until Thursday. But even if they do mount their assault, it has to be said that the chances of carrying the rest of the Parliament look very thin.

WEST MAYO BY-ELECTION NOTEBOOK

Better than the song contest

BY A SPECIAL CORRESPONDENT

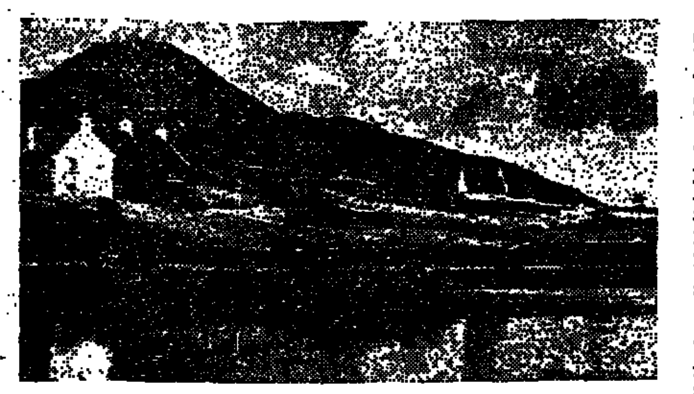
THE OPERATOR on Achill Island, Co. Mayo, wanted to know where the reporter was phoning from. The reporter did not know but told her it was a bar, and that everyone was wearing Fine Gael election favours. "Oh," said the operator, "it must be Lavelle's," and it was.

Tilling the political soil of a constituency like West Mayo has been as heartbreaking a task as real farming in this beautiful but barren countryside, where it is not so much a matter of cultivating the grass roots *as* trying to get blood from stones. People are either Fine Gael—the major party in the governing national coalition—or they are Fianna Fail. Traditionally they did not go in much for changing their minds.

That is still true for the vast majority, but in the last general election in 1973 something surprising happened. Enough voters changed allegiances to give Fine Gael two of the three seats which the constituency has under the proportional representation system of voting, even though it had a marginally smaller share of the total vote. West Mayo is going to the polls again to-day in a by-election caused by the death of one of its TDs (Dail representatives), Mr. Henry Kenny, who was also Parliamentary Secretary to the Minister for Finance.

All by-elections are important in the Republic of Ireland, where Parliamentary majorities are generally small, but this one is particularly so. Should Fine Gael lose, its majority would be reduced to one, and that one is Mr. Tom Dunne, a TD who was seriously injured in a car accident less than two weeks ago, and who is expected to be out of active politics for many months.

There has even been speculation that defeat would force the Prime Minister, Mr. Liam Cosgrave, into calling a general election, but that seems unlikely. Not only is Mr. Cosgrave a man who does not like to be forced into anything, his Government also had survived quite nicely on a majority of one until a by-election win last year increased it to two.



Westport Bay, County Mayo

What is certain is that both *parties are pulling* out *all the* stops. When the Dail rose last Thursday, practically the entire complement of both front benchers headed out on the 150 miles to West Mayo for a hard week-end's campaigning.

It is even further from Dublin to Mayo in terms of prosperity, culture and political style. The West of Ireland is not the place of abject poverty it used to be, but its isolated farms and tiny villages still lack many of the basic elements of modern living. Its limited *prosperity depends on* a precarious mixture of small vulnerable industries and generous financial assistance from Dublin and the EEC.

The impact of a big election campaign on such a place is considerable, and not without its humorous side. There was some *ribald comment, for instance, on* the news that the sophisticated and urbane Minister for Posts and Telegraphs, Dr. Conor Cruise O'Brien, would be speaking in Tourmakedy, as remote a spot as one could find in this remotest of areas. One shopkeeper in Castlebar, the congested county town, said they had not seen anything like it since the international song contest was *held in the* town.

But they have their own ways of electioneering there, too. The *bonfires and burning* lumps of turf that greeted the motor procession of Mr. Jack Lynch, the Fianna Fail leader, on Achill had more in common with Achill's nearest neighbour to the west, the U.S., than anything in Britain. The Fine Gail candidate, Mr. Enda Kenny, follows Irish political tradition in that he is the son of the late TD. He is a 24-year-old schoolteacher who, in his election pictures, looks a bit like Bobby Moore, the footballer. In reality he is a fresh-faced, intelligent young man who seems, if anything, even younger than his years.

His chief rival, the Fianna Fail hope, is Mr. Michael Joe McGreal, a tall 28-year-old auctioneer. He also comes from a well-known local family but suffers from the serious disadvantage of living outside the constituency.

There is also an Independent, Mr. Basil Morohan, who is appealing for support on the somewhat Irish grounds that he will not get elected. Mr. Morohan's point *is* that, under proportional representation, people can register a protest against both major parties by giving their first preference vote to him and their second to the party candidate of their choice. Once he is eliminated, the votes will be transferred to the second preference candidate and the end result will be the same, except that *Mayo's disaffection will* have been registered loud and clear.

There undoubtedly is disaffection over employment, agriculture, social welfare and the rates, which stand at a staggering £12.50 in the pound, although valuations are low.

There is a feeling, though, that the election will be won and lost on more traditional Irish grounds. Mr. Henry Kenny was a popular and energetic TD and a lot of people may repay favours, as is the Irish way, with a vote for his son. Castlebar is *Kenny country, and the* town and its environs contain a third of the 30,000-odd electorate. But the other town of importance, Westport, could also hold the key.

There is finally the impact of the 4,000 young voters who have come on to the registers since *1973. They may vote as their* parents do, in which case the canvassers will have them reckoned to a man, or they make up their own minds, in which case they will hold the balance of power. In that situation the best prediction may be that of the country man in Castlebar for the day: "It's like the man said about the horse race. The winner'll be the horse that comes in first."

Free industrial zone planned around Trieste

BY OUR OWN CORRESPONDENT BELGRADE, Nov. 11.

THE SIGNATURE of the Yugoslav-Italian treaty on borders and other outstanding issues yesterday at the Monte di San Pietro castle near Ancona did not come as a surprise although it was announced at the last moment. It has been a virtual certainty since the Parliaments of both countries last month accepted the platform for the treaty which contained all its principal clauses.

The agreement on economic co-operation is very broad in scope. It embraces various forms of co-operation, especially in the border zone: in infrastructure, industry, energy, tourism, trade, science, technology, environment, joint ventures and joint projects and so on. Envisaged are the linking of the Yugoslav and Italian systems of motorways, of the electric systems, of gas and possibly oil pipelines, joint water supply and energy generating projects, projects to link by navigable canals the Adriatic and the Danube, co-operation and specialisation of northern Adriatic ports from Venice to Rijeka.

The most *important* project at the moment is the creation of a free industrial zone on both sides of the border in the region of Sezana-Fernetti. The Italian Foreign Minister Sig. Rumor, said yesterday, that the EEC has approved the zone. It will spread over some 20 square kilometres on both sides of the frontier, and administered by a mixed committee of six. On the Italian side the body to run it will be the Ente Zone Industriale di Trieste which has already appointed its three *representatives.* Operations in the zone will be free, with no restrictions. Imports will be duty and tax free. Companies will not have their head offices there but only their plants. Labour from both countries will be able to work there. Both Yugoslav and Italian legislation will apply.

The zone will provide Trieste with additional land to develop its industry and its port with additional freight. The Yugoslavs have their interest in developing the westernmost part of their country and in attracting Italian and other foreign capital, know-how, more freight for their port of Koper. The zone will be a springboard to the EEC and help increasing Yugoslav exports there which is important in view of the fact that this country runs a permanent and huge deficit in its trade with the Community.

Turkey asks $1.5bn from U.S. for use of bases

BY METIN MUNIR ANKARA, Nov. 11.

TURKEY has demanded $1.5bn. from the United States for the use of its bases on Turkish soil, diplomatic sources said here to-day. This is just less than the sum that Turkey got for its total exports last year.

Prime Minister Suleyman Demirel's Government closed the U.S. bases in retaliation at the Congressional embargo on arms to Turkey and also abrogated the Turkish-American defence co-operation agreement. Although the embargo was partially lifted last month, Turkey has *still* not permitted the Americans to reactivate their bases. These number 26 and include several vital monitoring and electronic listening installations shadowing Soviet missile activity and troop movements.

Negotiations on reopening the bases started a fortnight ago in Ankara. It was then that Turkey *demanded the $1.5bn.* as "compensation for risks" Turkey runs the risk of a possible nuclear attack against these bases by the Soviet Union.

Washington is considering the request and is expected to reply by the end of next week at the latest. However, diplomatic *sources* said that *Washington* found the Turkish demand excessive.

Czechs 'no longer isolated' from West

PRAGUE, Nov. 11.

FOREIGN Minister Bohuslav Chnoupek told Parliament to-day that Czechoslovakia's relations with Western countries were returning to normal and that its international standing was higher than ever.

In a major foreign policy review—*the first since 1972—Mr.* Chnoupek did not explicitly mention the 1968 invasion of the country by Warsaw Pact forces, but he clearly suggested that the ill effects on Czechoslovakia's international standing were now fading. "Never before was the *international* authority *of* our country as high as to-day," he told the federal assembly.

He said that "a few years ago," many Wesern states "tried to isolate Czechoslovakia." Both during the Cold War of the 1950s and a few years ago, Mr. Chnoupek said, these states were ready to continue trade, economic and other specialised relations. "But they were freezing them in the key area, the political field," he said.

He then enumerated Western nations which had since resumed normal relations, including exchanges of *Ministerial* visits. The Foreign Minister particularly stressed the normalisation of relations with Czechoslovakia's two Western neighbours, Austria and West Germany.

He said: "It is very difficult to imagine that the conference on security and co-operation in Europe (last summer in Helsinki) might have ended successfully without a settlement of our relations with the Federal Republic of Germany."
Reuter

OVERSEAS NEWS

Moroccan delegation flies to Madrid for new talks

MADRID, Nov. 11.

A HIGH-LEVEL Moroccan delegation flew to Madrid to-day to resume negotiations on the Spanish Sahara, which Spain said were possible only because Morocco bowed to a Spanish demand to withdraw its civilian army from the region.

Prime Minister Ahmed Osman led the Moroccan delegation, including the Foreign Minister, Ahed Laraki. The presence of Mohammed Karim Laamrani, director-general of Morocco's phosphate enterprise, indicated the talks would include the phosphate riches which make the Spanish Sahara a prize to whoever rules it.

Meanwhile in Rabat the opposition newspaper L'Opinion reported that Egyptian President Anwar Sadat would arrive in Marrakesh to-day to mediate between Morocco and Algeria on the dispute.

Spanish Information Minister Sr. Leon Herrera Esteban disclosed that a Spanish envoy flew to Agadir last week-end to obtain the withdrawal of the march from the territory, an indispensable condition for the re-establishment of the climate of friendship and understanding necessary for the renewal of the talks.

The Information Minister said now that the marchers are pouring back over the frontier into Morocco, Spain was "well disposed toward resumption of the talks."

In its first official reaction to King Hassan recalling his marchers from the Spanish Sahara, the Spanish Government said it "took note with satisfaction" of the King's withdrawal speech.

In Agadir the Moroccan Information Minister, Taibi Benhima, sharply denied "there was any secret agreement with Spain to withdraw. When we judged tha the purpose of the march was achieved, we of our own initiative decided to apply a new remedy."

Benhima confirmed the that the purpose of the march marchers would remain in Tarfaya during the Madrid negotiations. He denied this could be construed as more pressure on Spain. He and other Government spokesmen left vague whether the marchers *would rush back into the Sahara* if the negotiations failed.

In the Spanish Sahara, march organisers said it would take another two days to move what they said were 300,000 volunteers camped on Spanish soil.

The Spanish news agency Europa Press reported from the Sahara capital of El Aaiun that 51 Moroccan marchers ignored the King's withdrawal order and tried to sneak past Spanish *minefields at the frontier.* They were captured by Spanish soldiers and brought to El Aaiun where they "gulped down the food given them."

In Algiers, the official news agency continued to publish statements from semi-official organisations condemning "the expansionist policy of Morocco" and promoting Algeria's wish for a UN-sponsored self-determination plebescite in the Sahara.
UPI/Reuter

Indian doctors retaliate

NEW DELHI, Nov. 11.

THE INDIAN Medical Council has decided to withdraw recognition of British post-graduate medical qualifications in the country with effect from March, 1977.

Announcing this at a Press conference to-day, Dr. B. N. Sinha, president of the Medical Council, said the implications of the decision was "that only such doctors as hold British qualifications obtained prior to this notification will be eligible for registration and practice in India. All British post-graduate qualifications granted after March, 1977, will cease to be recognised in India."

Although Dr. Sinha did not say so, it is thought the British decision to subject Indian doctors in Britain to language and other tests about their professional abilities has a lot to do with the decision of the Medical Council.

Describing the decision as "historic in the field of medical education in India." Dr. Sinha said the step had been taken "after very careful consideration and deliberation." It was taken "so that the national dignity of the country and valuation of the medical degrees granted in India have their proper status."

China backs Bangladesh regime

BY DAUD KHAN MAJLIS — DACCA, Nov. 11.

CHINA HAS supported the new Government of Bangladesh. In a broadcast last night Peking Radio gave details of the mass and "unprecedented" people's support in favour of the new Government.

In the same broadcast China expressed its "warm" and sincere felicitations to the new President of the country, Justice A. S. M. Sayem.

Meanwhile responsibilities of important Ministries have been entrusted to the three deputy martial law administrators, while the President himself has retained the portfolios of defence and foreign affairs.

Major General Ziaur Rahman, Chief of Army Staff, has been made head of the Ministries of Information, Home Affairs, Finance, Jute, Commerce and Industries, and Education.

Eritreans undecided on British consul

BY NICOLAS DOWNIE

MARXIST guerillas in Ethiopia *say they are holding Mr. Basil* Burwood-Taylor the British honorary consul in the Eritrean highlands near Asmara—but are still undecided on ransom demands.

Mr. Taylor, 58, is a prisoner of the radical Eritrean guerilla faction, the Popular Liberation Forces (PLF), and is being moved constantly by his captors to avoid detection by the Ethiopian army.

During the final stages of an 11-week trip through rebel-controlled teritory in Eritrea, I talked to the PLF central command chairman Isaias Afewerki, 29, and was told that no final decision had been taken on what should be done with the consul.

During an interview at the main PLF headquarters, he would not say exactly why the kidnapping was carried out. Guerillas at the camp, however, described the consul as "anti-Eritrean." Some also claimed that he had not accurately reported the Eritrean situation back to the British Government.

Isaias Afewerki revealed that Mr. Burwood-Taylor was being kept in the Hamaseen region of Eritrea which includes the Eritrean capital Asmara. The rebels have been fighting for the province's independence for the *past 14 years.*

A PLF central command meeting will be convened "sometime in the future" to take a policy decision on what to do with the honorary consul, the PLF chairman said. This nine-man ruling executive usually meets every three months but emergency sessions can be held for "important decisions."

Mr. Burwood-Taylor was kidnapped from Asmara on October 23—the second time in the past three years he has been snatched by Eritrean guerillas. The first time he was held for an afternoon and shown rebel positions and weapons.

News that a guerilla squad had kidnapped the consul was *first heard in rebel headquarters* on the BBC World Service. It was confirmed a day later—on October 24 — when a PLF guerilla commander told me he had received a field radio report that the consul was in their hands.

Some rebels told me there was little they could demand from the British Government. They said the consul would probably be released shortly without conditions. Other more radical elements suggested, however, demands were certain to be placed.

France prepares for Djibouti withdrawal

BY RUPERT CORNWELL — PARIS, Nov. 11.

THE FIRST steps will be taken shortly on a path which could lead to the independence of Djibouti, formerly known as the French territory of the Afars and Issas, the desert enclave and French base situated on the southern shore of the mouth of the Red Sea.

Already M. Olivier Stirn, the State Secretary in charge of France's overseas possessions, has indicated that Paris would consider pulling out, should the colony's 210,000 inhabitants clearly show such a desire.

Later this month Mr. Ali Aref *Bourhan, head of the local* administration, will be in Paris to discuss the issue. Independence will also be debated during the session of the Afars and Issas assembly which starts next week.

*However, it has been the re*marks of M. Pierre Messmer, Prime Minister from 1972 to 1974 and former Governor-General of France's overseas possessions, which have brought matters to a head.

*He argues in a newspaper in*terview that a majority of the local populace want France to withdraw, that the 10,000 square mile territory has lost its strategic importance, and that events in Africa make it in *France's interest to leave.*

Djibouti has been French since 1888. Its value lay in its command of the Suez Canal and its position on the route to France's possessions in the Southern Indian Ocean. These *now have gone, while neigh*bouring countries are keen for the enclave to lose its colonial status.

Somalia's rulers want Djibouti's independence, while the downfall and death of Haile Selassie has removed the greatest African supporter of a French presence. The regime now in power in Addis Ababa has different views, while pressure is mounting from the OAU.

Soviets suspend Uganda relations

MOSCOW, Nov. 11.

THE SOVIET Union today ordered the Ugandan Ambassador and his nine staff members to leave the country immediately because of "insulting" behaviour by Ugandan *President Idi Amin.*

The "temporary suspension" of relations—a step down from a full break—followed Amin's demand for the immediate recall of Soviet Ambassador Andrei Zakharov. Amin accused him of "criminal" meddling in Ugandan and African affairs.

John Worrall reports from Nairobi: The move followed another battle of words over Russia's intervention in Angola. *Mr. Zakharov immediately left* Kampala this morning on an East African Airways jet via Nairobi. Diplomatic sources in Kampala said it was not certain whether President Amin had actually broken off diplomatic *relations with* Russia.

Amin, as chairman of the Organisation of African Unity (OAU), has been incensed by a Soviet note declaring Moscow's support for the Marxist MPLA in Angola. The note was delivered while Amin was holding a meeting with the OAU conciliation committee which was urging agreement between the three liberation movements and the formation *of a* Government of National Unity.

Malaysian oil deal agreed

By Wong Sulong

KUALA LUMPUR, Nov. 11.

AN INTERIM agreement has been reached between Exxon and the Malaysian national oil corporation, Petronas, for a resumption of production and exploration *tion activities in Malaysian* waters.

Negotiations for a long-term production sharing agreement, which broke down in May, and which led to the suspension of drilling activities by Exxon, are *expected to resume soon.*

Under the interim agreement, Exxon will be allowed to increase production at its Tembungo field off the East Malaysian state of Sabah from its present 5,000 barrels daily to between 10,000 and *16,000 barrels daily.*

Anti-MPLA forces advancing, says Unita

BY PAUL ELLMAN — LISBON, Nov. 11.

ANTI-MPLA forces were advan*cing up the coast* towards Luanda, a leading member of the National Union for the Total Independence of Angola (Unita) claimed here to-day. Sen. Fernando Wilson Santos, a member of the Unita central committee's politi*cal bureau, told an Independence* Day news conference: "The Luanda Government is extremely transistory and will soon be overthrown."

His remarks coincided with an announcement that an aircraft carrying Portuguese delegations to attend the indpendence celebrations in Luanda had been diverted to Kinshasa because a reported bombardment of Luanda airport had made it unsafe to land there.

The Portuguese *national* airline TAP said a further attempt to land at Luanda would be made later to-day.

Referring to the formation of a joint Government by Unita and the National Front for the *Liberation of Angola* (FNLA), Senator Wilson Santos stressed that its aim was not the total destruction of the MPLA as a movement. He conceded that Unita and the FNLA were not "ideological allies" and claimed that their joint Government was simply a "patriotic alliance" to defend the territorial integrity *of Angola.*

He said Unita had more in common with the MPLA politically than it had with the FNLA. But the MPLA had severed ties with Unita when the latter refused to join in a campaign *against the FNLA.*

Questioned on the alleged use of mercenaries by the anti-MPLA forces, he affirmed that Unita "fights alone," but left open the possibility that its FNLA ally was receiving mercenary assis*tance.*

About 30 African countries were ready to recognise the Unita-FNLA Government, compared with only 12 who would align themselves with the MPLA he claimed, adding: "We could get two-thirds of the world and the MPLA only one-third."

UN resolutions bring sharp Israeli retort

BY MICHAEL VAN OS — THE HAGUE, Nov. 11.

THE RESOLUTIONS adopted last night by the General Assembly of the UN, equating Zionism with *racism,* provoked a particularly sharp response from Israel's Foreign Minister, Mr. Yigal Allon, who spoke here to-day at the end of *his three-day* visit to Holland.

He said the adoption of the "shameful" resolutions constituted a "heavy blow to the chances of peace in the Middle East."

Israel would not consider *itself* bound by the resolutions, which would be completely rejected and ignored. But the Israeli Foreign Minister added that his country would nevertheless continue to strive for peace, both from *within* and *outside* the UN.

Mr. Allon told a Press conference that the UN had gone "bankrupt last night, both morally and politically." It had failed in its function of promoting peace and had encouraged extreme and anti-democratic elements whose aim was to *disturb* any progress towards peace in the region.

Our Jerusalem Correspondent adds: *Israel is not now incline*d to take any retaliatory step against the UN in spite of the practically unanimous disgust and scorn aroused here by the General Assembly decision Government sources said to-day.

In spite of Right-wing Opposition calls to evict the UN staff from its Jerusalem headquarters there is a general conviction among *policy-makers* that the best demonstration of Israel's official attitude would be to ignore the resolutions' practical import, whatever that might be.

Our Cairo Correspondent reports: Egypt's President Anwar *Sadat to-day launched* a world-wide diplomatic drive to explain the results of his visits to France, the U.S. and Britain. Top Egyptian officials assigned to brief the leaders of some Arab, African and East European countries

Beirut's less-than-exclusive streets

BY IHSAN HIJAZI — *BEIRUT, Nov. 11.*

WITH THE Beirut combatants off the streets, a new kind of man has taken over: the pavement peddlers who have occupied the Hamra Street shopping centre and to-day moved in large numbers into the nearby Sanayeh area, which only ten days ago witnessed some of the fiercest fighting.

The peddlers arrived in cars *and small lorries to display their* merchandise on top of their vehicles or on the pavement—kitchen utensils to fur coats to transistor radios and colour television sets.

Some of the goods were said to have been looted, but most of the merchandise obviously belonged to the small merchants whose city centre shops were so recently destroyed.

However, this "invasion" by peddlers has posed a problem for the exclusive shops and boutiques, shops that were worth millions of pounds in goodwill and prestige alone. "Hamra Street," a *Leftist* publication, said: "has lost its bourgeois character."

Observers say the authorities may find great difficulties in getting the peddlers off the pavements because the peddlers insist that the Government must tackle the problem of their destroyed shops, in the heart of Beirut.

*A delegation met the Govern*or of Beirut, Mr. Chafik Abu Haidar to-day. The Cabinet has authorised the municipality to carry out plans for rebuilding the devastated market places.

With the dust of the Lebanese *crisis settling down, more atte*ntion is being paid to the economic problems. Press reports said to-day that as many as 100,000 workers were threatened with unemployment.

هكذا من الأصل

HOME NEWS

Importers and Ford gain from Leyland shortage

BY PETER FOSTER

A SHORTAGE of British Leyland cars in the wake of the company's "Superdeal" campaign contributed to a sharp slump in its sales last month and to a powerful recovery in the importers' share of the U.K. car market.

In addition, it helped Ford to outstrip British Leyland's monthly sales figure for the first time.

As expected, Leyland's marketing incentives in August and September, which led to a 39 per cent. market share in the latter month, served to empty the showrooms of cars and also brought many sales forward. This meant that the company's penetration virtually halved in October to 22.63 per cent.

U.K. CAR REGISTRATIONS

	October 1975	%	October 1974	%	10 months ended October 1975	%	1974	%
Leyland	18,915	22.63	29,439	30.81	335,824	31.57	371,294	33.26
Ford	20,414	24.43	14,734	15.42	220,630	20.74	252,938	22.65
Vauxhall	7,736	9.26	9,953	10.42	77,390	7.28	82,029	7.35
Chrysler	5,392	6.45	9,005	9.42	71,630	6.73	102,598	9.18
Total U.K.	52,726	63.09	63,485	66.43	709,052	66.66	813,678	72.88
Renault	4,619	5.53	4,544	4.75	50,368	4.74	48,588	4.35
Datsun	3,632	4.35	6,227	6.52	59,775	5.62	47,456	4.25
VW-Audi	4,044	4.84	3,863	4.04	43,932	4.13	34,090	3.05
Fiat	3,120	3.73	3,850	4.03	33,674	3.17	38,760	3.47
Total imports	30,846	36.91	32,081	33.57	354,676	33.34	302,786	27.12
Total	83,572		95,566		1,063,728		1,116,464	

In all, 83,572 cars were registered last month, a drop of 12.6 per cent. on October, 1974. This brought total registrations for the first ten months of the year above the million mark, to 1.06m., although this was 4.7 per cent. below the same period of 1974.

Ford, whose Escort was the month's most popular car obtained 24.43 per cent. of the market and also had the second best-selling car with the Cortina—the company's highest market share for more than a year.

Compared with September, Chrysler and Vauxhall performed relatively well. Chrysler increased its penetration by more than a half last month to 6.45 per cent., while Vauxhall's market share was almost doubled at 9.3 per cent. due to the continued success of the new Chevette.

Nevertheless, the adverse publicity surrounding the future of Chrysler following statements from its U.S. parent about a possible pull-out from the U.K. could have an impact on sales this month.

The importers as a whole showed a sharp increase in sales last month, taking 36.9 per cent. of the market against 27.6 per cent. in September. However, Datsun — the leading Japanese importer—following its declared policy of sales restraint, slipped to third place behind Renault and VW-Audi.

Datsun has promised that it will sell no more than 62,000 cars this year. However, it has already sold almost 60,000.

There were no foreign cars in the top ten last month and the top selling import was the VW Golf. Despite Datsun's voluntary restraint the Sunny and Cherry remained in the top 20, which also contained the two top-selling Renaults, the R5 and the R16.

Upturn ahead says General Motors chief

Assurances that General Motors had no intention of pulling out of the U.K. came yesterday from Mr. Elliot Estes, president of GM, pictured left with Mr. Bob Price, chairman and managing director of GM's subsidiary, Vauxhall Motors. Mr. Estes said "We have a big investment here and we expect to make returns."

He believed prospects of an upturn in 1976 looked good, and that next year would see a further modest recovery in car and truck sales. He felt Vauxhall's position in the U.K. car market was far stronger than that of Chrysler U.K. because of its stronger model range and better financial position of the parent company.

ITV row over News at Ten switch plan

By Arthur Sandles

COMMERCIAL TELEVISION is involved in an internal wrangle over whether to move ITV's highly rated News at Ten main news programme from its present time. Some programme companies want to see it sent out earlier, perhaps in full opposition to the BBC's main nine o'clock newscast.

Yesterday one of the leading protagonists in the "move the news" campaign, Mr. Jeremy Isaacs, Thames Television's director of programming, admitted that Independent Television News itself was less than enthusiastic about any change.

Explaining his arguments in what he called the "News at When" debate he told the Broadcasting Press Guild that the present timing was a serious obstacle to programme planning.

Because of the placing of the news, and the fact that there is a 9 p.m. embargo on "adult" programming, it was difficult to start any serious adult film, play or documentary lasting more than an hour before 10.30 p.m.

Superior

Any ITV move away from the 10 p.m. time is likely to provoke considerable opposition. News at Ten is widely accepted as being superior to the BBC main newscast and the arguments in favour of later timing—that it gives more time for preparation and provides a one-hour news-gathering edge over the opposition—are strong.

In discussing other ITV events at the moment, Mr. Isaacs said that the Thames programmes Love Thy Neighbour and Man About the House would not be continued into new series. There would be other changes, but Mr. Isaacs insisted that although there might be difficult economic times, ITV would prove that it was still possible to produce good programmes.

He said that the flow of revenue over the next few months would be such that when he sought the money for his 1976 programmes Thames would be able to provide it.

● Granada's World in Action investigation into the CIA has won the gold medal at the International Film and TV Festival of New York. The three-part dosier was shown in Britain in June.

Tyndale teachers fel 'victims of undue harassment'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

TEACHERS at the William Tyndale junior school rightly or wrongly felt they were victims of undue harassment, Mr. Don Rice, school inspector for the district, told the public inquiry yesterday.

The inquiry into the dispute between the school's managers and seven of its full-time staff is being held in London before Mr. Robin Auld, QC, who will report his findings to the Inner London Education Authority. The ILEA's schools sub-committee will then decide what disciplinary action, if any, to take on the report.

During the fifth day of the public hearing, Mrs. Tessa Moorhouse, counsel for the Islington school's managing body, continued her cross-examination of Mr. Rice.

Mr. Rice had already commented on a parents' meeting at the school in July 1974, when five of the teachers walked out saying they had done so because they were being personally attacked by people at the meeting.

Mr. Rice, who was there, disagreed with this explanation saying that no attack had been made on the teachers who walked out. The only attack had been on Mr. Terry Ellis, the headmaster, who had remained in the meeting.

The walk-out had occurred when a parent inquired whether the school was to continue an experiment allowing pupils to choose their own activities, being run by Mr. Brian Haddow, a senior teacher. Mr. Rice said he thought that this was a perfectly good educational question for a parent to ask.

In the following September the seven teachers involved in the dispute, including Mr Haddow and Mr. Ellis, had sent a statement to the managers, which again complained of "vicious" personal attacks.

This statement described the Tyndale junior school as one of special difficulty, in a poo equipped decrepit building, a with a preponderance of pu with social and emotional "lea ing difficulties."

This was a false descripti Mr. Rice said. The school not designated as one of spe difficulty, it had the nor equipment, and the building had a lot of money spent on There were some pupils w learning difficulties, the ins tor added, but certainly no "preponderance" of them.

The teachers' statement w on to allege that certain m agers, some of whom effectively nominees of the l Labour Party, were involved a politically motivated camp which included interfering the school's running, approaching parents with un stantiated allegations a extreme Left-wing sympat among the teaching staff.

More Home New Pages 30 & 3

Questioned by Mrs. Moorho Mr. Rice replied that the agers were concerned about school but had not to his k ledge interfered in its runn He had heard of approa being made to parents, but no direct knowledge of a p cal campaign being w against the teachers.

Mr. Rice said that he had satisfied with the plans for school's curriculum, based "progressive" approach, w the teachers had drawn up. the carrying out of the p had not been successful.

His own experience was such an approach must be i duced skilfully and sl taking account of the varyin perience of staff, and kee parents continuously infor

The inquiry continues to-

'Different process' for new Flixborough plant

FINANCIAL TIMES REPORTER

CHANGES IN the design system of the proposed new caprolactam plant at Flixborough to ensure that there would be no repetition of the mistakes which led to the explosion in June 1974 were promised at a public inquiry in Scunthorpe yesterday.

Mr. John Roch, representing Nypro (U.K.), which wants to build another plant on the same site capable of producing 70,000 tonnes of caprolactam a year, said a different process would be used. Mr. Roch said the Factory Inspectorate had come to the view that the proposals would pose no exceptional risk to the surrounding area.

The inquiry was told that the explosion at the plant, in which 28 people were killed, had put 35,000 jobs at risk in the textile industry which drew some 20 per cent. of the total supplies of caprolactam required in the manufacture of nylon 66 from Flixborough.

The loss to the balance of payments had been around £60m. but if rebuilding was allowed, Britain would save an estimated £20m. a year. Mr. Roch claimed that although there was a recession in the world textile industry, caprolactam prices were expected to rise and shortages to develop as the industry came out of recession.

The plant, he said, could be rebuilt and in operation at Flixborough within two years of obtaining permission. Another site would probably take 2½ to four years, and the capital cost of rebuilding would also be substantially less on the present site.

The Flixborough site had the advantage of being a sufficient distance from housing and other industry—requirements not easy to find in Britain.

Mr. Rudolf Selman, managing director of Nypro U.K.—55 per cent. owned by Dutch State Mines and 45 per cent. by the National Coal Board—told the inquiry the company had taken the view that it would be wise to have a more spacious layout at the site.

Although the area will be more than double that taken up by the previous plant, the output would be about the same. He was familiar with the plant in Holland at which there was an explosion last week but said there would be no similar processes at Flixborough.

The company had consulted fully with the authorities about development plans. It had issued brochures to local councils and residents' associations, and had also held meetings with parishes.

Referenda had been held of all those on the electoral registrar in each parish. Residents in Burton-on-Stather and Flixborough voted in favour of the proposals, but at Amcotts, where there was a 91 per cent. turnout, the vote was 69 in favour of the proposals and 82 against.

Mrs. Margaret Goulding, from Amcotts, referred to the death blast at a chemical plant in Holland last week, but Mr. Selman replied that in the new Flixborough plant such an explosion would not be possible.

"It is not in the nature of the process, even if it runs totally out of control. Many experts have agreed that our works will be very safe," he said.

City £5m. boost for industrial property

BY QUENTIN GUIRDHAM

IN A further example of City confidence in industrial property development, Royal Insurance is granting a £5m. 10-year loan facility to Brixton Estate.

As part of the terms, Royal Insurance, which in 1966 lent Brixton Estate £3m. over 25 years, will be granted options to Brixton shares which, if all the new loan is drawn down, could increase its holding to 10.32 per cent. of the Brixton equity.

The loan may be drawn down over three years and the rate of interest charged will be 1 per cent. less than the gross redemption yield of 12 per cent. Treasury stock 1983, fixed at the date of each drawing.

The present rate on such a drawing would be 11.8 per cent.

Brixton Estate said yesterday that the new facility is to enable the company to develop "first-class industrial schemes which will assist in the modernisation of Britain."

At present, 55 per cent. of the company's £35m. development programme is abroad. Its main current U.K. development is its 100-acre estate at Dunstable, about one third developed so far.

Its present special interest, the company said yesterday, was in acquiring industrial land with planning consents granted before the community land scheme White Paper in September 1974.

Brixton's Estate's funding follows the raising of £10½m. earlier this year by Slough Estates, £5½m through a Rights issue and £5m. in a loan from Finance For Industry.

The other major private sector industrial property developer, Percy Bilton, receives long term finance from the ICI Pension Fund.

See Lex. Back Page

Haywardwithdraws 'BBC slant' allegation

BY PHILIP RAWSTORNE

MR. RON HAYWARD, general secretary of the Labour Party, yesterday publicly withdrew his allegation that BBC coverage of the last General Election had been generally slanted against the party.

In a statement from Transport House Mr. Hayward said he accepted a report by Mr. Anthony Barker of Essex University that there had been no overall bias.

But he added "During the last General Election I saw a number of programmes on BBC television which I considered biased against the Labour Party. I still consider them biased.

"My judgments were apparently based on too small a sample. My comment that 'the BBC coverage was generally slanted against the Labour Party' has been proved unfounded."

Mr. Hayward said the party would be co-operating in a new study of television and politics to be undertaken by the C for TV Research at University.

He said he hoped the in would consider points he made about "a set-up in the politicians are treate the media like puppets stage" and that the study help towards a better long relationship between casters and politicians.

Mr. Haywood said he backed the appointment o Barker to make his aca study because he knew hi to be "a highly political a and not an impartial jud party politics," and saw o small proportion of total T put.

He recalled in his state that in a speech to the conference last year, he political parties should co elections "in our own demo way" and should not pand a set-up in which the polit were treated by the media puppets on a stage.

Hopes rise for Bank lending rate cut

BY MICHAEL BLANDEN

HOPES of a cut in the Bank of England's minimum lending rate on Friday, leading to a general downward trend in U.K. interest rates, rose yesterday as market rates dropped further.

U.K. Treasury bills were trading at levels which would normally bring a drop in MLR from its present 12 per cent. to 11¾ per cent. And in the gilt-edged market there was continuing interest in short-dated stocks, which showed gains of up to ½.

The market has had no clear indication from the Bank of England about its attitude to rates. But the feeling is that the Bank would not resist a drop of ¼ per cent. in MLR, though it might react adversely if the level of market rates fell far enough to bring MLR down by a full ½ per cent. this week.

Favourable factors include the recent falls in U.S. rates, with First National City Bank cutting its prime rate on Friday for the third time in a fortnight, and the news of the U.K.'s approach to the IMF for a loan.

The market also commented that oil exporting countries appeared to have left substantial third-quarter oil receipts in sterling in London, with only Abu Dhabi reported as a moderate seller of sterling recently.

Official reaction, it was felt, could depend on the response of sterling to a drop in London rates, together with the trade figures due on Friday, and next Monday's money supply statistics, which the Bank will know before the end of this week.

The gilt-edged market was heartened by the absence of any news of a new "tap" stock issue to replace the Treasury 9 per cent. 1978 "B" stock, which ran out on Monday. This stock, of which £400m. was issued in September, was a rather special issue, designed to mop up surplus liquidity in the banks.

The market felt that a new issue could wait till Friday, after the MLR news and the trade figures. Yesterday the yield on Treasury bills was running at about 11 3/16 per cent., below the 11½ per cent. level, under which a drop in MLR to 11¾ per cent. would be triggered.

Store planned on Aston Villa car park

Financial Times Reporter

ASDA, the discount store subsidiary of Associated Dairies, hopes to build a 50,000 square feet store close to the "Spaghetti Junction" motorways interchange at Aston, Birmingham.

Plans for the store and a sports centre to be built on part of Aston Villa football club's car park go before Birmingham City Council on December 17 and before West Midlands County Council on December 22. If granted approval ASDA hopes to have the store open by early 1977.

In return for a ground lease on the store ASDA, which has four other Midlands stores, will develop the sports centre for Birmingham Council. The centre will be managed on a non-profit basis by Aston Villa club.

ASDA will also be responsible for resurfacing a car park area for more than 1,000 cars. To avoid traffic congestion, the stores group has agreed not to open when Aston Villa, which returned to the First Division this season, has a home match.

Explain 'profit' to workers, says Joseph

FINANCIAL TIMES REPORTER

A PLEA that companies should spend as much money on convincing their own workforce of the meaning of profit and productivity as they spend on communicating with their customers was made by Sir Keith Joseph, chairman of the Conservative Party's Centre for Policy Studies, yesterday.

Introducing a paper written for the Foundation for Business Responsibilities, he argued that too much of society was now the victim of three central "myths" — "that profits are evil; that wage-increases come from 'them,' and that cooperation with management would be treason."

In addition, new myths were now being created, among them the "myth" that Government can protect jobs without any cost and that employers were not prepared to invest.

Politicians had been especially responsible for these myths—including himself when in office—through their search for immediate solutions.

Although often with the purest of intentions, their desire for apparent action had been too little restrained by a civil service which, while academically well-trained, was not steeped in the business tradition; and by an academic world which, financed by the State, had virtually no concept of how wealth was created.

It was time that business set about explaining the role of profits in creating jobs and employment and tried to counter the attitude among some unions in resisting the introduction of "machinery, techniques and attitudes which could steadily improve real pay while benefiting consumers and savers at the same time, and releasing labour for satisfying unmet needs, commercial and non-commercial."

The paper, presented before an audience in London largely made up of businessmen, received general approval, although a variety of suggestions were made as to how communications would best be achieved.

Guarantee cost Marples £61,000

LORD MARPLES of Wallasey, the former Conservative Minister, had to pay £61,158 out of his own pocket because he guaranteed a former employee's debt to a bank, a High Court judge said yesterday.

As a result, Lord Marples was now losing interest at the rate of £7,600 a year, said Sir Anthony Plowman, the Vice-Chancellor.

He granted Lord Marples an order enabling him to foreclose on mortgages on two properties in St. Austell, Cornwall, belonging to the former employee, Mr. John West Holmes, a chartered surveyor.

The judge said that Mr. Holmes mortgaged the properties, in Bodmin Road, St. Austell, to Lloyds Bank, the transaction being guaranteed by Lord Marples.

Trnasferred

When the bank called upon Lord Marples to pay up under his guarantee it transferred the mortgages to him.

The judge rejected a contention by Mr. Holmes that he should be allowed to set off a claim of over £60,000 for fees and expenses against Lord Marples' claim.

He said that £45,000 of Mr. Holmes' claim was against companies in which Lord Marples was interested, rather than against him personally, and the remainder of the claim was disputed. It would be wrong to delay disposal of Lord Marples' claim.

Mr. Holmes would have to bring separate legal proceedings, the judge said. He was ordered to pay the costs of Lord Marples' action.

Court pledge by Plessey on 'micro-brain' sales

PLESSEY, the electronics giant, agreed in the High Court yesterday to stop marketing microelectronic "brains" alleged to be illegal copies of equipment made by a U.S. corporation.

Plessey, trading as Plessey Semi-Conductors, and its subsidiary, LSI (Electronic Systems), had been sued by General Instrument Corporation and its Scottish manufacturing subsidiary, General Instrument Microelectronics.

The corporation alleged breach of copyright, breach of trust and conspiracy to induce breach of contract, Mr. Robin Jacob, its counsel, told Mr. Justice Foster.

It started legal action when it learnt that its processes and design in a particular kind of microelectronic circuitry had allegedly been copied after four of its employees left.

The system, using specially processed silicon chips, is used in calculators and push-button telephone equipment—a field the GPO is currently entering.

Under settlement terms nounced yesterday, Plessey its subsidiary undertook they would not, without Ge Instrument's licence, sell a ticular push button telep dialler and two other piec electronic equipment in General Instrument's proc involved.

Plessey also agreed to over their existing stocks circuits and related data s publicity material and equipment used in manufacture.

By consent, the judge or all further proceedings b stayed, Plessey paying the

Outside court, Dr. Steve I joint managing director General Instrument's Sc subsidiary, said that the s ment marked the end of a drawn-out battle which reached Boardroom level.

Plessey said last night: are glad to have reached amicable agreement on

U.K. energy cost up 50% despite cut in consumption

BY ROY HODSON

THE COST of Britain's energy supplies rose by more than 50 per cent. last year compared with the year before in spite of a 5 per cent. saving in energy consumption, says the Digest of U.K. Energy Statistics published to-day.

It reports that as the full effects of the sharp rise in oil prices was absorbed, the total British energy bill for the year rose to £9,500m.—or £170 for every person in the country.

A quarter of the spending was on fuels for use in the home. The remainder was spent by industry, commerce, and the public services, and on transport.

The three-day week between January and early March, 1974, contributed to the 5 per cent. fall in energy consumption. Meanwhile there was a fall of nearly 7 per cent. in petroleum product deliveries as oil prices rose.

Digest of U.K. Energy Statistics; SO; £6.60.

When home-ownership becomes 'involuntary'

BY JOE ROGALY

COLOURED people in British cities are more likely than whites to become owner-occupiers—because they have little other choice.

This is one tentative conclusion to be drawn from a new study published by the Runnymede Trust to-day. Written by G. B. Gillian Lomas, assisted by Elizabeth Monck, the study uses specially commissioned 1971 census data. It shows that while 72.4 per cent. of coloured households in Bradford were owner-occupied at the time of the census, only 57.3 per cent. of the rest of Bradford's households were owned by those who lived in them. Similar contrasts could be found in Leicester (76.5 per cent. for coloured households against 43.3 per cent. for the rest), Manchester (48.3 to 32.9) and Wolverhampton (65.6 to 39.9).

Mr. Dipak Nandy, who has contributed to the new publication, points out that some of this owner-occupancy coloured families may "involuntary" since such f lies can experience discrin tion when they try to accommodation.

In all the four cities studi much higher proportion of w than coloured households wa be found in both council furnished, privately re accommodation, even thoug two of them (Manchester Wolverhampton), 80 per cent the coloured population arrived in Britain more t ten years previously (M figures show that most colou people are obliged to live worse quality housing t whites.

Census 1971, the Colou Population of Great Brit A comparative study of colou households in four cou boroughs, G B Gillian Lom assisted by Elizabeth Mon Trust, Price £2.

Ombudsman raps Home Office for TV licence muddle

BY JUSTIN LONG

THE OMBUDSMAN strongly criticised the Home Office yesterday for "inefficiency and lack of foresight" in its administration of the increase in TV licence fees earlier this year.

In a report, Sir Alan Marre, Parliamentary Commissioner for Administration, said his investigation into complaints over arrangements for overlapping licences—those taken out at the lower rate before last April—showed they gave the overlappers no unfair substantial advantage over other licence holders.

But he pointed out that there was a failure to issue instructions to Post Offices about withdrawal of advance renewal facilities simultaneously with the announcement of the increases.

More serious still, said the Ombudsman, was the failure to make clear to the public that they would not be able to avoid paying the higher fees by early, overlapping renewal of their existing licences.

He considered it "quite unfair" that a licence holder, who could quite reasonably believe that it was not illegal to hold a second licence, should not be given advance warning of the Government's intention to use its power to deprive him of it if he obtained it.

did make its intentions clear, but actually allowed misleading public discussion of the procedure to continue."

By acting in this way, the Home Office contributed to the confusion and misunderstanding which led to much needless distress and annoyance.

The Home Office, he reported, had given assurances that it was considering ways of avoiding such difficulties in the future when an increase in fees might be necessary.

LABOUR NEWS

Sanctions will mean no pay, Leyland warns workers

BY ROY ROGERS, LABOUR CORRESPONDENT

A TOUGH warning that British Leyland workers who join the growing trend of using sanctions *to back their demands will no* longer be paid, came yesterday from Mr. Geoffrey Whalen, personnel director of the company's car division.

The warning, in the company's newspaper, the British Leyland Mirror coincided with the news that inspectors at the car assembly plant at Cowley, Oxford, are to relax their ban on week-end overtime imposed a month ago to support demands for regrading. To-day 70 testers at the plant who are also seeking regrading will meet to *consider lifting similar* sanctions.

Both these sets of key Cowley workers have been warned that their sanctions would soon bring production to a standstill.

Mr. Whalen's forthright tone is further evidence of the company's attempts to increase both quantity and quality as it strives to meet the improved demand for its vehicles. It follows a series of recent disputes in which Leyland workers have adopted measures to restrict rather than halt car production.

Apart from the two Cowley disputes there have been others involving clerical staff at the Rover plant in Solihull and at Triumph plants in Coventry.

Drivers strike

Mr. Whalen also appealed to workers to process their grievances through the company's agreed *disputes procedure* rather than walk out whenever "trouble cropped up."

Such a breach of procedure in a series of disputes have halted all Rover saloon car production for the past fortnight and which now threatens Range Rover and Land Rover production.

Yesterday 80 external drivers *at the Solihull plant* went on strike over an objection to the use of industrial engineers time and motion study men. Already 1,000 assembly workers have been on *strike* for two weeks over the introduction of industrial engineers and these were joined by 350 at Rover's axle making plant at Perry Barr, Birmingham, earlier this week.

Meanwhile, shop stewards representing 4,000 non-production workers at the Cowley body plant have dropped their demands for interim pay *increases after being advised* by their union officials that any such rise would have to be offset against the Government's £6 pay limit when annual negotiations come round next February.

The company had already rejected the claim, which was based on the increased cost of living since February's annual settlement.

● *Normal working resumed* yesterday in the administrative blocks of the £93m. Ford Motor's car plant at Halewood, Liverpool, after a lightning unofficial strike of more than 200 clerical workers on Monday. But the men and women involved are to hold a further factory gate meeting tomorrow.

The dispute is over the payment of overtime to a non-union man when there was an official union ban on overtime. Car production was not affected.

Two stage deal for brick unions

By Our Labour Staff

BRICK WORKERS' union negotiators yesterday accepted a wage deal which means that the £6-a-week pay rise allowed under the Government's wages policy will be paid in two stages over the next four months.

This was agreed as a compromise between the employers, who claimed they could not afford the cost of the total £6 for a full year, and the unions which, in line with TUC policy, were insisting that the £6 was an entitlement and not a maximum.

The result—payment of £4.40 a week from this week and another £1.60 from the end of February — is intended to help spread the costs for the employers while placating the unions by eventually raising their members' pay rates by the full £6.

Such staging of pay rises is expected to prove popular with other private sector employers.

Brick employers—not including London Brick, which negotiates at another time of year—have already given a £3.88-a-week interim rise in July, just before the £6 policy was introduced.

As a result of yesterday's agreement, the £6 total will be a supplement on their existing basic rate of £34 a week.

AUEW, shipbuilders pay policy row likely

BY CHRISTIAN TYLER, LABOUR STAFF

A ROW is blowing up between shipbuilding employers and the country's second biggest union, the Amalgamated Union of Engineering Workers, over the application of Government pay policy to individual company negotiations.

At least two shipbuilders have struck local agreements with their unions which by-pass the provisions of their industry's present national wage agreement as far as overtime and shifts rates are concerned.

Faced with the complications of subtracting extra overtime earnings due under the national agreement from the £6 maximum rise allowed under the Government's policy, they have deferred those national improvements for the time being to make their own local negotiations simpler.

The majority of local shipbuilding company negotiations are still to come, and there are two more stages of the national agreement due this month and in February. Against this background the AUEW leadership yesterday launched a protest aimed at protecting the national rises.

Provision

Mr. Hugh Scanlon, AUEW *president, said his executive had* decided to tell all its members to report back any cases of employers failing to honour national agreements in full. This applies both to the shipbuilding industry and to a similar national agreement in the engineering industry.

Meanwhile, shipbuilding employers have been advised by their Shipbuilders' and Repairers National Association to ignore the overtime provision of the national agreement and negotiate on a straight £6 basis so long as the Government's policy lasts.

There has been no such quarrel yet in the engineering industry. The Engineering Employers' Federation has told its members to honour the national agreement at all costs—although this could give individual companies *administrative problems in working* out how much money groups of workers will have left out of the £6 maximum for local pay rises.

Both shipbuilding and engineering national minimum rates are to be raised again by £4 in two weeks' time and by a further £2 in February.

Since most of the workers are *on higher rates negotiated at* company level, these national rises mainly influence overtime, shift working and holiday pay.

FOUR-YEAR FARE FREEZE ENDS

But fares are to go up in the *West Midlands for the first time* in almost four year. West Midlands Passenger Transport Executive was granted increases yesterday.

This year's estimated deficit of £15m. will be cut by £2m., and in a full year, assuming present-day costs, the rise will reduce losses to about £8m.

Public employees' union will fight spending cuts

BY OUR LABOUR STAFF

A FURTHER warning to the Government that trade unions in the public sector will stage a determined fight against expenditure cuts was delivered yesterday by the 550,000-strong National Union of Public Employees.

The union's executive said *recent statements by Ministers* and actions of employing authorities made it necessary to develop "a positive and broadly based campaign to defend the public services against any policies which will lead to a reduction in the labour force or a lowering of standards of service."

The statement recalled that the TUC congress in September had opposed cuts in public expenditure as "an intolerable attack on working-class living standards."

The executive told the union's 1,800 branches throughout the country that NUPE members should take action in two areas:

First, using the normal negotiating machinery with employers they should "pursue the union's policy of no redundancy and no reduction in the *level of services to the public.*" Second, they should enlist the support of local trades councils and Labour Parties to resist attempts at cutting public expenditure.

At workplace level, NUPE stewards have been instructed to co-operate with other unions in opposing expenditure cuts.

The NUPE executive made it clear that its policy is designed not only for the immediate future. It referred to recent statements by Mr. Denis Healey, Chancellor of the Exchequer, *that the Government intended to* exercise continuing control over public expenditure as a feature of economic policy. "It is important that the union uses the present situation to develop a campaign which, while opposing current threats to the public services, can be extended to meet whatever threats we may face in he future."

Action spreads against breakaway power union

BY OUR LABOUR STAFF

ACTION is spreading against members of the Electricity Supply Union in the generating industry for not belonging to one of the four TUC-affiliated unions recognised by the employers under a closed shop agreement, a spokesman for the ESU said yesterday.

Six ESU members at Hams Hall Power Station, Sutton Coldfield, and seven in Nottingham had been given until November 13 and November 24 respectively to join one of the four unions.

Mr. Bill Sarvent, general secretary of the ESU, who has already been dismissed from Ferrybridge Power Station in Yorkshire, together with five of his members, said he had advised the 13 to join one of the four recognised unions "under duress." Otherwise they would face dismissal.

Mr. Sarvent said he was in possession of the minutes of discussions at a joint industrial council in one district, which he refused to name, setting out the procedure for acting against ESU members. This proved "beyond doubt" that the employers and the four large unions were "ganging up" against the ESU.

North to spend over £1m. to create employment

BY OUR LABOUR STAFF

JOBS FOR nearly 1,000 people at a cost of just over £1m. have been approved by the northern region of the Government's new job creation unit. Some 50 schemes have been sent forward to London for final approval.

The northern region has already taken a lead in job creation, with £381,000 of grant approved for schemes employing 310 people—mainly school-leavers.

Nationally, just over £1m. has already been approved by the Manpower Services Commission for 32 schemes—five of them now under way—employing 885 people. The programme has been allocated a total of £30m.

● *Norwich City Council is to* consider a scheme for some of the city's 4,000 unemployed under which they would help repair and restore a few of its 30 medieval churches.

Doctors tough line over leaders

By Our Labour Staff

MILITANTS among the country's 19,000 junior hospital doctors are staging increasingly determined attempts to oust some of their leaders in the British Medical *Association for allegedly selling* out to the Government in the dispute over overtime pay.

According to a spokesman for the junior doctors in the North West, by far the most militant region in the country, BMA leaders are resising requests for a meeting of the junior doctors' "group council" which can vote members off the 13-strong executive committee.

TSB 'agency shop' pact

THE TRUSTEE Savings Banks Employers Council has agreed in principle with the National Union of Bank Employees for the setting up of an "agency shop" covering the 13,500 or so TSB staff.

This will mean there will be a contractual obligation on branch managers and clerical staff to join NUBE and pay contributions to the union or an equivalent sum to a specified charity.

NUBE had an "agency shop" agreement with the TSBs, but this lapsed when the 1971 Industrial Relations Act was repealed.

Chapple calls for EPTU votes against Left

BY OUR LABOUR STAFF

MR. FRANK CHAPPLE, general secretary of the Electrical and *Plumbing Trades Union*, has appealed to his union's 420,000 members to help defend the Labour Government against Left-wing extremists by voting in forthcoming elections for six seats on the union executive.

Writing in the latest edition of Contact, the union's journal, Mr. Chapple said that having *failed* to win political support, Communists and Trotskyists would try "through the unions to make the Government's economic policy unworkable."

Several members of the EPTU executive face a strong Left-wing challenge in the elections, balloting for which will start towards the end of November.

"In these times of trial for our Labour *Government* and our democratic system, our members must stand up and be counted in the community and on the shop floor," Mr. Chapple declared. "But above all they should use their votes in the executive council election."

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AUTOMATION

Non-stop welding of complex parts

ESAB's machine division, which anticipates that sales in the forthcoming year will lie between £35m. and £40m., believes that in its first year of exploiting robot technology in conjunction with ASEA, it will sell as much as £3m. of robot operated welders. This is despite the fact that the sales campaign began in earnest only a few days ago.

The market has been thoroughly tested, at Olympia and the recent offshore event in Aberdeen with a total of 150 reasonably serious inquiries registered. Firm orders booked so far total ten but there are many more in the pipeline, particularly from Europe.

West Germany is likely to be the major outlet for the advanced Swedish equipment which embodies two years' work at ESAB on fully automated techniques and at least six at ASEA on robots.

Offered at the moment is what some might be tempted to call de luxe equipment since it comprises the controller, the robot and a highly accurate positioner. The robot can place the welding electrode with an accuracy of 0.2mm while the positioner, with its 500 kg capacity, can repeat to within 0.1mm. This is a good deal better than needed for most welding applications, but the work which results is of the highest standard.

Tiny controller

Duty cycle achievable with the equipment, which has data feed-back from positioner and weld head to the tiny controller in the robot command unit, is between 80 and 85 per cent. compared with 30/35 on manual. Fume control is exceptionally good and quality on weld after weld is consistent.

There is a possibility that with more complex problems, two robots could work in conjunction to present to the weld head difficult workpieces which needed to be rotated through difficult arcs to get to the seams which have to be welded.

In the meantime, ESAB is considering the development of a standard package for the smaller workshop where the robot could be trolley-mounted. Further ahead are projects in which the much larger 120 kg capacity ASEA robot, just announced, would be used.

Whatever may ensue, it is already clear that the ease of programming the ASEA robots, which are taught their jobs simply by taking them step by step through the sequence they will thereafter perform on demand, has impressed ESAB technicians and there will undoubtedly be a cross-fertilisation between the control departments of the two companies. ESAB is supplying eight gigantic automated chain welding machines at £300,000 each to the Soviet Union capable of coping with 18/33mm thickness chain and it would appear that robot technology could play a considerable part in the future development of equipment such as this.

One of the main sections at ESAB, Laxa, is its custom-building department where a great deal of the manufactured equipment is semi-automatic. Addition of a robot to many of the items from this shop would complete the automation cycle.

Robots are likely to appear in European factories very quickly over the next few years because of the difficulty of getting trained staff for arduous work in conditions of heavy fume, high heat and other discomfort. When it is also realised that the robots can operate arc welding equipment and produce quite a complex workpiece in three minutes against 15 minutes by manual methods and go on doing this 24 hours a day if need be, there is good cause for engineering companies to take stock of what they are now doing manually and assess the effects on them of a wholesale adoption of full automation by the competition.

ESAB, Herkulesgatan 72, Box 8850, 402 71 Gothenburg, Sweden.

● TEXTILES

Yarn twists at extreme speeds

MOST TEXTURED filament synthetic yarns are produced by the false-twist route. This consists of taking the yarn through a unit where on one side the yarn is twisted in one direction and, after passing through, a counter-twist is inserted which is of matching amplitude. If the yarn is set in the first stage then the counter-twisting gives a springy textured yarn.

Normally, yarns are produced by passing them through a pin-twister. In this they are taken over a revolving pin that inserts the twist. The highest commercial speeds in this approach are about 800,000 r.p.m., although a Japanese company is claiming to have reached 1,250,000 r.p.m.

To go beyond these limitations machine builders have been turning to what is known as friction-twisting. In this the yarns are caused to rotate by being held in contact with revolving surfaces made of high-friction materials such as polyurethane rubbers or ceramics. The main problem is that there is a tendency for the twist to slip and so an irregularity can result in the yarn being made. This is a serious problem and it is particularly critical with heavier denier yarns such as 167 dtex, which is widely used in the production of double jersey textured polyester fabrics.

New spindle

A completely new approach to friction twisting is offered in Switzerland by Heberlein Maschinenfabrik AG (British agents Crowther, Silverdale Drive, Thurmaston, Leicester; tel. 053-723 3311).

Called the TwistMaster, the new spindle is reported to be able to insert a false-twist into a variety of yarns at speeds of up to an equivalent of 4,000,000 r.p.m. on a comparable pin-twisting system.

The spindle comprises two elements. The main section is a polyurethane-coated sphere which rotates at high speed. Around the equator of this sphere is cut a slot and, into it is positioned a polyurethane-coated disc which also rotates on its own axis. The yarn is taken over the surface of the sphere by means of guides and is "caught" at the point where the disc is counter-rotating in the slot. In this way there is no point at which the yarn is uncontrolled while in contact with the various friction elements.

Special attention has been paid to minimising the clearances between the slot in the sphere and the friction disc, these being only fractions of a millimetre. By using a sphere rather than, say, a bush or a series of rotating discs, as favoured by a number of other spindle builders, it is argued that the gentle curvature of the sphere when the yarn is entering, and a matching curvature when it is being detwisted, protects the yarn and prevents filaments from possibly being broken and so causing inferior yarn to be produced.

Another advantage claimed for the new concept is that tensions are minimal and are effectively self-balancing should minor variations occur. It is not claimed that no slippage occurs with the new spindle, but the actual amount is extremely small, particularly in the region of the equator where the yarn runs very nearly in the direction of rotation of the sphere and where the twist is "rolled" into the yarn. This arrangement also results in a low output tension.

The TwistMaster is suitable for yarns from 17 up to 280 dtex, while knots present no difficulties when passing through the system.

At present the TwistMaster FKE 01 friction-twisting spindle is only being supplied on the Heberlein high-speed, universal draw-texturising machine, but once established within the industry it is probable that it will be made available for use on other types of texturising machines.

● HANDLING

A fork lift truck uses the Satellite, a device for loading goods into vehicles from a distance.

Fork lift has long reach

AT GILLETTE Industries' Reading factory, the company is pioneering the use of a British invention which it considers promises a big step forward in the mechanical handling of goods.

Called the Satellite, the machine is the invention of Mr. Dennis Miller. It is being manufactured by Stanmill, Whitchurch, Hants. Basically, it is an attachment to a fork lift truck enabling goods to be moved independently of the truck over a distance of up to 40 feet and with lateral movement within an angle of 15 degrees.

Its primary use is in the loading of container trucks. The Satellite arrives at the back of the lorry with its load, detaches itself from the fork lift truck, takes its pallet to the front of the lorry, stacks the goods and returns to the fork lift truck.

It is manipulated by two hydraulically operated cables mounted on the fork lift truck and guided from the driving seat.

Said Mr. Peter Caine, the Gillette stock control manager: "It used to take us 40 minutes to load a container lorry using a fork lift truck operator and three loaders. With the Satellite a lorry can be loaded by a fork lift truck driver and one assistant in 30 minutes."

Seven prototypes of the Satellite are at present in operation in the U.K.

Automated Container Loading, Environment House, Farraday Way, Orpington, Kent, has been set up to manage the marketing and distribution of the invention.

● COMPUTERS

Engineers' simulator

GENERAL purpose simulation of simple or complex digital systems is being offered on a time-sharing basis by Atkins Computing Services.

ILOGIC is designed to permit simple data entry and input format by all levels of engineering staff.

After only a couple of hours of training, an electronics engineer—with no prior knowledge of computing or programming techniques—can make effective use of the service.

Because the program can simulate up to 500 blocks, each of which may have up to eight inputs, large systems can be simulated simply and with a high degree of precision.

Atkins Computing Services, Woodcote Grove, Ashley Road, Epsom, Surrey. Epsom 24981.

Disc-based micro is available

DIGITAL has introduced the first disc-based version of its PDP-11/03 microcomputer with operating system and higher level languages.

The PDP-11V03 low-end real-time system is built around Digital's recently introduced LSI-11 microcomputer, which uses the 400 item instruction set of the PDP-11/40.

The standard PDP-11V03 controls dual floppy disc drives as a mass storage device and offers users the choice of either keyboard terminal printer or a video terminal as input-output communication devices. Standard software is the RT11 real-time operating system which allows users the option of using FORTRAN IV or BASIC as a higher level language.

Digital is at King's Road, Reading, Berks. (0734 583555).

Printer has own micro

ENGINEERING division of Exchange Telegraph is to launch a new microprocessor-based, high-reliability, impact-printer terminal, the Extel 300, at the COMPEC '75 Exhibition (West Centre Hotel, London, S.W.6, November 25-27, 1975).

Intended to provide remote computer users with a universal data terminal, the Extel 300 produces variable-width typewriter quality output in a variety of styles. The built-in microprocessor allows adaptation to meet special user requirements and to provide compatibility with most other computer systems.

Exchange Telegraph, 73, Scrutton Street, London EC2A 4PB. 01-739 2041.

● MANAGEMENT

Award for innovation

TECHNICAL Development Capital (TDC) is awarding £10,000 to potential entrepreneurs in the U.K.

£5,000 will be awarded to the individual or team submitting the best business plan and up to a further £5,000 will be made available for runners-up.

Closing date for entries is February 25, 1976 and entry forms can be obtained from TDC at 91, Waterloo Road, London S.E.1. TDC is the venture capital arm of Industrial and Commercial Finance Corporation.

● RESEARCH

Nuclear batteries

THE first production order for 100 nuclear-powered pacemakers for people suffering from certain types of heart trouble has been placed with the Harwell Atomic Energy Research Establishment by the Department of Health and Social Security.

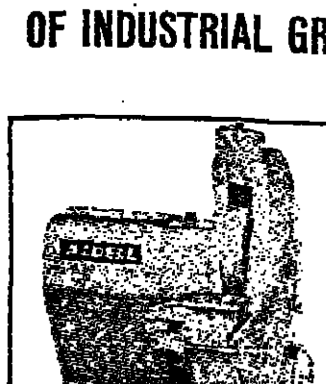
Conventional pacemakers with chemical batteries have to be replaced surgically about every three years, but prolonged trials have shown that the implanted lifetime of the Harwell unit could reach ten or even 20 years.

Under the present contract (worth about £186,000 an including development costs Harwell will prepare the hea producing nuclear sources, eac containing less than a fifth a gram of plutonium oxide, an assemble them, with the miniature thermocouples, strong metal housings to for the nuclear batteries that pow the pacemakers.

At the request of the DHS Harwell has also undertaken f an interim period to assemb 100 pacemakers in which soli state converters and ele tronic pulse generators (t former also made at Harwel will be connected to the batteri

The isotope plutonium 238 h been chosen for the heat sour because its power output falls only one per cent. per year, a its radiation, mainly alpha pa ticles, requires the minimum shielding for implantation. T isotope is specially prepared the pacemaker batteries and markedly different from the ve long-lived plutonium isoto associated with nuclear weapo and nuclear fuel, the author says.

It is understood that a furth order for 200 batteries will placed. The pacemakers will or be available for selected clini trials.



PARLIAMENT

PM's searing words

BY PHILIP RAWSTORNE

MR. HAROLD WILSON raised some political heat from the embers of the Parliamentary session yesterday—scorching Sir Keith Joseph, the Chrysler management and the Scottish Nationalists in rapid succession.

The Prime Minister had scarcely got to his feet before Mr. John Tomlinson (Lab., Meriden) was inviting him to turn his attention to Sir Keith's interview with the New York Times in which he "chose to indulge in slinging mud at his country."

More in sorrow than in anger, Mr. Wilson agreed that Sir Keith appeared to have followed Mrs. Margaret Thatcher's lead and to have fallen from his usual high standards in besmirching Britain.

"Political bile is one thing for our domestic exchanges," he said. "But it is a singularly unattractive form of export abroad."

Especially galling, he agreed with Mr. Emlyn Hooson, from someone whose reforms had actively encouraged the growth of bureaucracy, public spending, and public borrowing.

Sir Keith was absent—and apart from a brief counter from Mr. Ian Lloyd (C., Havant), no one exactly sprang to his defence. But other targets were soon being exposed to the Prime Minister's searing tongue.

It would be better if he said nothing about Chrysler, he told MPs—but, under pressure, quickly changed his mind. "The situation which we have been presented with is something which—when all the facts are known—will turn out to be distasteful to MPs in all parts of the House," Mr. Wilson declared.

"It was not until last week, we realised there were Luddites on both sides of the situation—management and ownership as well as on the other side." The Government would make a full statement as soon as possible, Mr. Wilson concluded just as he appeared to be starting.

But Scottish Nationalist, Mr. George Reid, maintained the temperature by demanding that the Government should not sacrifice the workers at Chrysler's Linwood plant to ensure employment in Coventry.

That brought protests from both Labour and Tory MPs—and a seathing comment from Mr. Wilson about the SNP's "carrion crows hoping there will be some pickings for them."

Before the SNP tried to create any more grievances, they should settle their own differences about self-government for Orkney and Shetland, said the Prime Minister. Until they did, there was a danger that they would end up with no authority and no oil.

From the enthusiasm with which both sides of the Commons joined in the taunts, few at Westminster would grieve about such an outcome.

Former TV man for Tory publicity

·PPOSITION leader Mrs. ·argaret Thatcher, yesterday ·mounced the appointment of ·r. Geoffrey Johnson-Smith, MP ·r East Grinstead, to a leading ·le in developing the party's ·iblicity and communications.

Mr. Johnson-Smith, formerly · information officer in the ·iplomatic Service, built up a ·putation as a broadcaster and ·levision personality and interviewer before entering Parliament.

In the last Conservative Government, he was Parliamentary ·ecretary in the Civil Service ·epartment, with overall responsibility for the Government ·formation services.

His new task will involve ·isuring good communications ·thin the party as a whole, and ·omoting public relations ·tivities. There has been con·rn about shortcomings in ·iblic relations following the ·organisation under Mrs. ·natcher's command.

But there is no question of ·r. Johnson-Smith replacing ·iyone at present engaged in ·iblicising party activities. ·ccording to yesterday's an·iuncement, he will be assisted ·r executives already responsible to Mrs. Thatcher or to the ·irty chairman, Lord Thorneycroft, who will continue to discharge their existing functions.

Goodman claims Press charter deal agreed—then dropped

THE GOVERNMENT would invoke the Parliament Act to get its "Press freedom" proposals through, Lord Shepherd, Leader of the House, told the Lords yesterday.

His warning followed an overnight bid by Lord Goodman to reach agreement on the Trade Union and Labour Relations (Amendment) Bill.

Lord Goodman, who proposes a legally-backed Press freedom charter said that agreement had been reached with the Government at 2 a.m., but at 9 a.m. the Government had withdrawn from it.

Lord Shepherd, in a final plea to peers not to press their amendments on the charter warned that the consequences of insisting would be "very grave indeed." This was a time for reconciliation, not confrontation.

"To force a clash between the two Houses of Parliament could place the growing co-operation which has developed between us in the gravest jeopardy."

Lord Shepherd added: "We shall take the necessary steps in the next session of Parliament to ensure this Bill's Passage." It would be in its original form but with certain amendments agreed by both Houses.

Describing his late-night talks with the Government, Lord Goodman said that the breakdown of negotiations had stemmed from the Government's refusal to accept that the charter should include provisions setting out rights of journalists not to be arbitrarily or unreasonably excluded or expelled from a trade union.

He had also wanted "some form of legal remedy for Journalists unreasonably excluded to enforce their rights.

"If the Government decide to make a constitutional issue on this matter, the fault is theirs," he declared.

But Lord Shepherd stressed that the Government had stated that it would act if there was a threat to the independence of the Press. "Such legislation would require most careful consideration.

He suspected it would be more substantial in detail than amendments proposed by Lord Hailsham and Lord Goodman "which are obscure and ill defined."

Lord Shepherd warned: "As drafted, these amendments could cause grave consequences to the Press and their very presence might cause reactions which, in the interests of the Press, we should seek to avoid." The freedom of the Press depended on the determination of all within the industry to ensure its independence.

"Owners and editors, if embattled by hostile journalists, even supported by the law, in my view, could not endure it."

He urged peers to accept the Commons proposal that matters relating to the freedom of the Press should include "such matters as the avoidance of improper pressure to distort or suppress news, comment or criticism, the application of union membership agreements to journalists and, in particular, the right of editors to discharge their duties, and to commission and publish any article, and the question of access for contributors."

Lord Shepherd said that if the Lords amendments were accepted they would be seen by the trade unions as an editors' and owners' charter. "We would be back exactly in the old Industrial Relations Act situation with all the bitterness and lack of co-operation that would involve.

"I cannot imagine a more certain recipe for further weakening of the Press and the certain loss of more newspapers."

Lord Goodman, who is chairman of the Newspaper Publishers' Association, said that Lord Shepherd had spoken with great sincerity but positively Himalayan irrelevance. He had made every effort to seek a way in which he and the Government could meet but "the Government has not budged an inch, not a millimetre."

After hearing that an approach might be made to him, he had sought out the Government to see if there was any proposal. "We were negotiating until well into the early hours this morning." In his belief, agreement had been reached on the legal matters.

A suggestion had emanated from the Government which his side had accepted, subject to a slight change in wording. "That suggestion, made at 2 a.m. was withdrawn at 9 a.m. It was withdrawn because of the obstinacy of certain individuals or people."

He wanted everyone to vote on his own conscience. If nobody followed him into the lobby he would be glad to go there alone.

Dealing with the "essential safeguards" of a charter Lord Goodman said that the one to which he had particularly drawn attention and on which negotiations had broken down, was the right of journalists not to be unreasonably and arbitrarily excluded or expelled from trade union membership.

Lord Hailsham said that the Government had from first to last taken the stance that the Press Charter should be left entirely to the industry as something which it was their business to decide and nobody else's.

"If we are to have a charter of this kind, the minimal requirements of that charter are something with which the people, and therefore Parliament, are intimately concerned because the freedom of the Press is not a private matter to be debated between the various organs within the industry."

Lord Shepherd
"Time for reconciliation"

'Political bile' by Sir Keith

SIR KEITH JOSEPH was attacked by the Prime Minister in the Commons yesterday for exporting "political bile."

Sir Keith said in an interview in the New York Times that Britain was slipping into "Socialist slumdom."

Mr. John Tomlinson (Lab., Meriden) said that Sir Keith had chosen to indulge in slinging mud at his country abroad.

Mr. Wilson replied: "Political bile is one thing for our domestic exchanges, but it is singularly unattractive form of export abroad.

"I was sorry to see Sir Keith, who has high standards, following the lead given by his leader and throwing mud against his own country—to use his own words."

Mr. Wilson had been questioned by Mrs. Lynda Chalker (C., Wallasey) on Government policy over the separation of the private sector from the National Health Service.

Mr. Wilson said Mrs. Chalker should ask the Social Services Secretary (Mrs. Castle) about any specific issue she had to raise. The Opposition had been "singularly ineffective" in a recent debate on social services.

Liberal spokesman Mr. Emlyn Hooson said that the "Achilles heel" of the whole health system appeared to be its administrative costs.

Mr. Wilson replied that looking at the public sector borrowing requirement, responsibility for high costs rested with the Tories.

Mr. Ian Lloyd (C., Havant and Waterloo) said that as Mr. Wilson was concerned with political bile, he should consider the attitude of two hospital porters in Portsmouth who were "prepared to carry their politics to discriminate between the dead?"

Mr. Wilson said he knew nothing of this case. "I would express the same revulsion against any political act which discriminated against the living or the dead."

Chrysler story 'distasteful'

THE CHRYSLER situation would turn out to be distasteful to MPs in all parts of the House when the facts were known, Mr. Harold Wilson, the Prime Minister told the Commons yesterday.

In a biting phrase he referred to "Luddites on both sides"—management and ownership as well as the other side.

Questioned by MPs on the emergency facing the company, he told them: "I would have hoped it might be possible to say something before prorogation. I do not think it will be."

But he promised: "The Government will make a statement at the earliest possible moment. The situation we have been presented with is something which—when all the facts are known—will turn out to be distasteful to MPs in all parts of the House."

Mr. Douglas Hurd (C., Mid. Oxon) claimed it was becoming clear that no-one within the CBI or abroad would take the Government's new industrial strategy seriously "if the first action is to prop up a failure like Chrysler."

Defending the new strategy, Mr. Wilson admitted there were differences between the TUC, CBI and the Government in the Chequers talks. But the objectives were accepted and the proposals had been greatly welcomed.

He told Mr. Patrick Duffy (Lab., Attercliffe) that when world trade picked up, Britain would be in a stronger position than for many years to take advantage of increased opportunities abroad.

Mr. George Reid (SNP, Clackmannan and East Stirling) said that the rights and jobs of Chrysler workers at the Linwood plant should not be sacrifieced to ensure continuity of employment in Coventry.

This drew an angry response from Mr. Norman Buchan (Lab., Renfrewshire W.) who said that the shop stewards at Linwood would "strongly depreciate" that kind of political remark.

Mr. Buchan told the Prime Minister that the shop stewards "are not too keen that money should necessarily be wasted in propping up that Corporation. They would much prefer it was used to take it over."

Mr. Malcolm Rifkind (C., Pentlands), said that Scottish people were getting fed up with the "spurious atempts" of the SNP to create alleged grievances between them and people elsewhere. He demanded that the policies adopted for Chrysler should be fair to all the people in the U.K.

Regional grant time limits

Financial Times Reporter

·IME LIMITS for the acceptance ·f applications for regional ·evelopment grants were outlined by Mr. Gregor Mackenzie, ·inister of State for Industry, · the Commons yesterday.

He said it was intended that ·o grant should be made on ·sets provided before April 1, ·974, unless an application is ·ceived by the Department on ·e appropriate form not later ·an July 1, 1976.

Mr. Mackenzie stated that for ·e period beginning April 1, ·974, and ending on March 31, ·975, applications should be ·ceived by April 1, 1977.

"Thereafter until further ·otice applications should be ·ade not later than the end of ·n years after the end of the ·uarter during which the asset ·as provided."

Exceptionally, he added, if the ·ecretary of State was satisfied ·at the application was delayed ·r reasons beyond the control ·f the applicant consideration ·ould be given to whether the ·te application might be ·ccepted.

Theatre opens next March

·HE NEW National Theatre ·uilding is expected to be opened ·the paying public next March, ·r. Hugh Jenkins, the Arts ·inister, said in the Commons ·esterday.

Steady progress was being ·ade on construction, and ·hearsals for early productions ·ere already taking place, he ·dded.

Land Bill given no peace

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE OPPOSITION last night launched what is expected to be the final onslaught on the Community Land Bill as the Government pressed the Commons into the task of dismantling over 20 major amendments made by the Lords to this controversial legislation.

Mr. Timothy Raison, "shadow" Secretary for the Environment, condemned the Government for "sordid" treatment of the House in the inadequate time given for consideration of the amendments in the "dying stages" of the Bill.

Mr. John Silkin, Minister for Planning and Local Government, counter-charged the Tories with finding new ways of delaying the legislation, and as MPs clashed over the provisions for taking development land into public ownership, preparations were made for a late night sitting.

With the Government anxious to have the Bill ready for Royal Assent to-day, the last day of the present session, Mr. Raison accused Ministers of mis-managing their business.

The Bill had been brought in too late in the session, Mr. Raison maintained. It was badly constructed, badly drafted and contained so much that was objectionable that the Government itself had had to make a vast number of changes.

But in spite of those changes the Bill remained unacceptable, said the Opposition spokesman, and he reiterated the Tories' firm pledge to repeal it when next in power.

The Government only narrowly warded off defeat when Ministers carried by a majority of five (271—266) rejection of a Lords amendment to remove from the scope of the Bill the building of a single dwelling house.

Allaun puts plan for home loans

A BILL which would force building societies to help local authorities provide mortgages for low income earners was given a formal first reading in the Commons yesterday.

Mr. Frank Allaun (Lab., Salford E.) was given leave to introduce his Mortgages (Low Income Earners) Bill which would require building societies to lend annually 10 per cent. of their advances—at reasonable interest rates—to local authorities. He promised to reintroduce the measure in the new session.

Mr. Allaun said that the Government, as part of its economy cuts, had recently told local authorities to reduce the amount they lent to would-be house-buyers to half of what they lent in the previous financial year, which was £520m.

As a result many councils were having to turn down every application for a mortgage, however desperate a family might be. At the same time, the building societies were "bursting with funds."

The societies had agreed to len £100m. to families who would not normally be considered, but this was "peanuts" compared with the £4bn. which the societies were now lending.

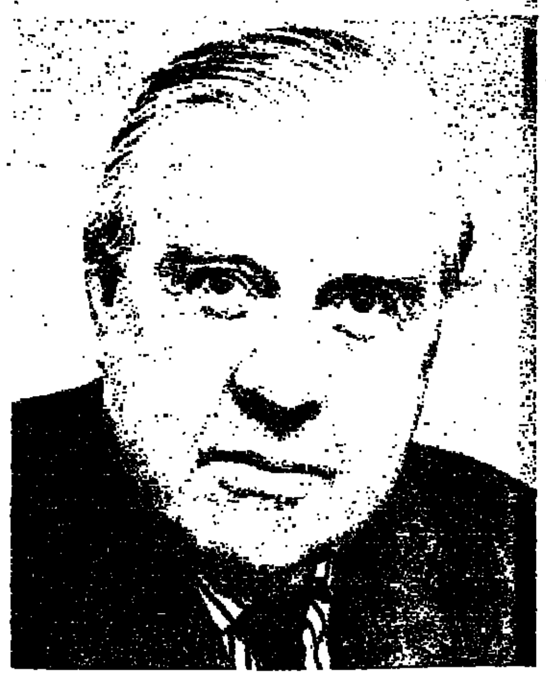
Referenda refused

NEW DEMANDS by MPs for referenda on the devolution issue were rejected by Mr. Edward Short, Leader of the Commons yesterday.

Mr. Short, the Minister responsible for formulating proposals for Scottish and Welsh assemblies, turned the suggestion down in Commons written replies.

NEW STAMPS BY THE ROLL

ROLLS OF 500 stamps in 6½p or 8½p denominations will go on sale at most post offices from December 10. The 6½p roll will cost £32.50, the 8½p roll £42.50. They will also be available from post office philatelic counters and the Philatelic Bureau, Lothian House, 124 Lothian Road, Edinburgh, EH3 9BB. The rolls will be suitable for use with the newer type of stamp affixing machines used by businesses.



"With Midland Bank help, we gave ourselves a new lease of commercial life"

–R.T. Wilcox, Chairman of R.Perry & Company Limited, Birkenhead.

Twenty-five years ago, R. Perry & Co. Ltd needed to broaden their activities.

The Company–one of the oldest established in Birkenhead –have been sailmakers since before the Battle of Trafalgar.

"But if we'd gone on being just sailmakers," says Reg Wilcox, the present chairman, "we wouldn't have been sailmakers very long."

So when Reg Wilcox joined the company in 1949–they began developing new lines of business.

To do so, they went to Midland Bank for financial assistance.

C. J. Kay, Director; Peter F. Booth, Managing Director; K. Munford, Director.

New business lines

The Company began by marketing marine safety equipment of all types, from inflatable liferafts to distress rockets, and by developing facilities for servicing liferafts.

They also began manufacturing the first rigid plastic-skinned lifebuoys. And today, Perrybuoys, as they are called, are standard equipment on naval and commercial vessels and waterside situations in over forty countries.

Midland Bank helps in many ways with this overseas business, often through correspondent banks abroad, providing status reports on potential customers and assistance with short term finance at preferential rates against Bills of Exchange, under the E.C.G.D. scheme.

The second development was in the leisure side of sailing, when R. Perry & Company set up their first yacht centre at Liverpool 14 years ago. The venture was so successful that a second was set up at Manchester in 1967, and a third at Birmingham in 1972. These centres provide equipment of every kind for the yachtsman.

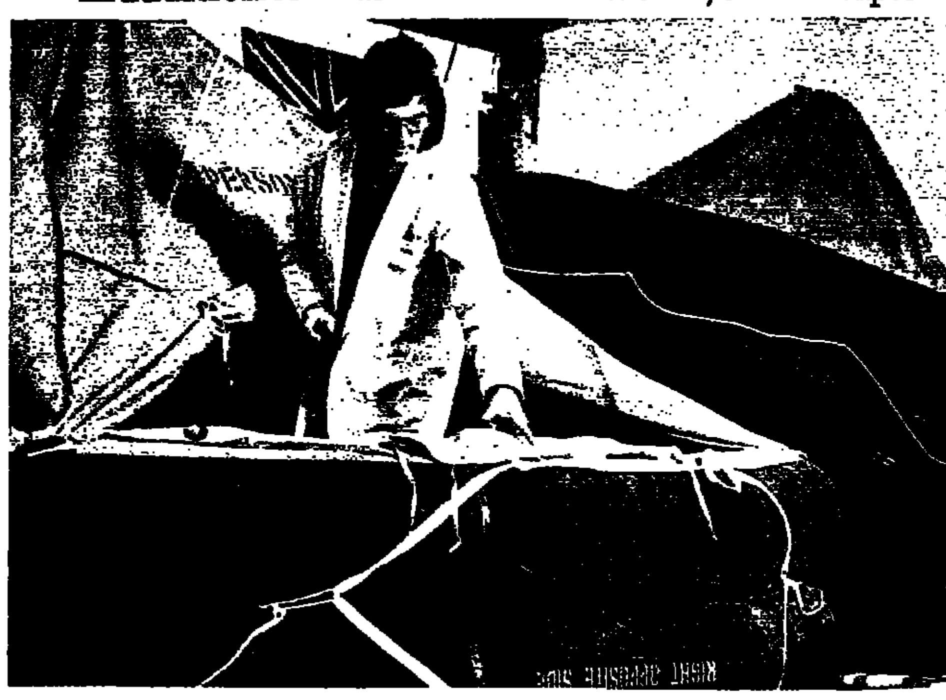
Survival and continuity

Today, R. Perry & Co. Ltd are a thriving and broadly-based concern.

The Company employ 65 people–50 more than when Reg Wilcox joined–and exports alone exceeded £150,000 last year.

Not that the Company have abandoned their origins in the great days of sail.

In addition to their Birkenhead works, Southampton branch, and three yacht centres, they have a modern sail loft at Dun Laoghaire, Co. Dublin, with yacht centre and life-raft servicing facilities.



"With Midland Bank help," says Reg Wilcox, "we've been able to give ourselves a whole new lease of business life."

Every business needs a good bank. But perhaps no business knows it better than one in the process of radical change and development. Your local Midland branch can provide you with further details on the range of services available from Midland Bank Group.

Midland Bank Group

Principal trading companies: Midland Bank Limited; Clydesdale Bank Limited, Clydesdale Bank Finance Corporation Limited, Clydesdale Bank Insurance Services Limited, Scottish Computer Services Limited; Northern Bank Limited, Northern Bank Development Corporation Limited, Northern Bank Executor and Trustee Company Limited, Northern Bank Trustee Company Limited; Midland Bank Trust Company Limited; Midland Bank Finance Corporation Limited, Forward Trust Limited, Midland Montagu Leasing Limited, Griffin Factors Limited, Midland Bank Trust Corporation (Jersey) Limited, Midland Bank Trust Corporation (Guernsey) Limited; Midland Bank Insurance Services Limited; The Thomas Cook Group Limited, Thomas Cook Limited, Thomas Cook Overseas Limited, Thomas Cook Bankers Limited; Samuel Montagu & Co. Limited (Incorporating Drayton), Drayton Montagu Portfolio Management Limited, Northern Bank Finance Corporation Limited, Midland Montagu Industrial Finance Limited, Jersey International Bank of Commerce Limited; Bland Payne Holdings Limited, Bland Payne Limited, Bland Payne Reinsurance Brokers Limited, Bland Payne (UK) Limited, Southern Marine & Aviation Underwriters Inc., Bland Payne Australia Limited; Guyerzeller Zurmont Bank AG.

The Executive's World

EDITED BY JAMES ENSOR

Robert Sarnoff, chief of America's troubled electronics giant, resigned last week. Jay Palmer reports:

RCA's 'brilliant gambler' makes his last throw

INTERVIEWED BY an American business magazine last year, Robert Sarnoff, the chairman of RCA, declared that "the function of a chief executive is the management of management. My own basic philosophy," he added "is to seek to avoid surprises." Last week, however, Mr. Sarnoff got what must have been the surprise of his career.

Returning from a four-week overseas business trip, Mr. Sarnoff went into last Wednesday's regularly scheduled RCA board meeting as chief executive of the huge communications conglomerate. When he left 5½ hours later, the directors issued an unexpected and astonishingly blunt statement announcing his imminent resignation "for personal reasons."

Although RCA has drawn a veil of secrecy over the events of that meeting (and none of the directors are talking), all the available evidence suggests that Mr. Sarnoff's departure was less than voluntary. Only a week before he went abroad, he presided over a top level management reshuffle which appeared to increase his authority and, at 57, he remains well below the statutory retirement age of 65.

Talk of a "palace coup" and a "bitter board room struggle" is supported by the untypical baldness of RCA's resignation statement. It was brief and to the point, containing none of the complimentary language or regrets which might have been expected for the son of the late General David Sarnoff, who headed RCA for 40 years.

By way of contrast, when the General himself resigned at the age of 77 in 1970, the company could hardly have been more effusive in its public praises. The official release spoke of his "visionary leadership," his "unique abilities" and "our sincere regard and affection . . . for loyal and devoted service."

In a sense it is only fair that Robert Sarnoff's going should be compared unfavourably with that of his father. During his own early days at an RCA subsidiary in the 1940s and 1950s, Robert himself used to compare his struggle to achieve a personal autonomy with that of Tom Watson Jr. of IBM. Certainly, since he took over as chief executive, critics have attributed many of his most important changes and his biggest blunders to his drive to rival his father's brilliant and highly profitable business gambles.

Indeed, to many such critics, the only surprising factor in Robert's abrupt resignation last week is that it did not happen four years ago in the autumn of 1971. It was then, of course, that Mr. Sarnoff had to admit publicly that his personal dream of securing a new spurt of corporate growth from computers had turned into a hideously expensive mistake.

Computers

RCA had drifted casually into computers as a natural extension of its technology under General Sarnoff in the early 1960s as number six or seven in a field of no more than eight companies. But the division never really added up to much until Robert reached the conclusion in 1968 that RCA needed new, fast growing and profitable business to pick up and carry on the growth established by the nearly exhausted boom in colour TV set sales.

He decided that the best prospects lay in multiple acquisitions outside traditional areas and a simultaneous head-on marketing battle for computer market share with IBM. As far as computers were concerned, the analogy was clear—like his father's crowning business gamble with colour TV, computers carried all the glamour of high technology, high investment and potential (if distant) large rewards.

Convinced that improved marketing was the single most important key to success (a view that was to influence his actions elsewhere in the company), Sarnoff's plunge into computers took the form of recruiting IBM staff to train his tripled sales force. The impact was immediate—despite generally falling industry sales, RCA's returns jumped more than 35 per cent. over the two years to 1970 while, at the same time, losses remained well below expectations.

RCA's great hope for the future is the videodisc. But will it prove yet another unprofitable Sarnoff venture?

Despite this promising start, the basic weakness of the operation surfaced in 1970 when IBM brought out its new generation of machines. RCA just did not have the technology to match this effort so, as a top level decision, it was decided simply to spruce up the company's existing series with larger memories and repainted bodies. It was about this time that Sarnoff, still optimistic about the future, forecast that computers would break even in 1971 and show an annual profit or more than $50m. before 1975.

But the gamble did not pay off. With the "new" machines simply not selling, RCA was badly hurt when the deepening recession prompted users of equipment to cancel leasing contracts. The company's liberal accounting policy of selling leases to financial institutions exposed it to even greater losses than conditions might otherwise have warranted. The final blow to the by-now ailing division came in early 1971 when IBM's price cut destroyed RCA's previous price advantage.

By mid-summer of 1971 a top-secret internal forecast had put the division's 1971 projected loss at over $70m. with little or no hope of breaking even before 1976 and only doing so then if more than $700m. was spent on new development. To a company already labouring under heavy debt brought on by outside acquisitions, this was the final straw.

In September 1971, RCA made the obvious decision and, like Xerox earlier this year, closed down its computer business before later selling it. In the process RCA took—on its then annual net profit of only $128m.—a huge write-off of $490m. before tax benefits. It was at the time the single biggest write-off recorded in business history and, as one director commented, "it was an expensive education for top management."

Others were far less charitable. One of the most bitter comments of all came from within RCA's own ranks. Martin Seretean, an RCA director from one of its acquisitions, was quoted as saying "I find it highly unusual that a management can write off $490m. and no one seems to question whether the same people ought to be running the company today." Mr. Seretean has since resigned from the company.

Although rumours of a power struggle continued at RCA for more than 24 months before dying down, Mr. Sarnoff survived his computer debacle by four years. While it is both understandable and indeed fair that he is remembered for his one massive error of judgment, it must also be noted that Sarnoff also directed RCA through one of its most decisive turning points and there are those who claim that the company would now be worse off but for his drive.

Certainly, on the surface, the technology-based and domestically-orientated company which he took over from his father bears little relation to the gigantic international conglomerate of to-day. Overcoming the General's objections, Robert started RCA's diversification in 1967 with the purchase of Hertz, the world's largest car and lorry rental group. Since that beginning, RCA has bought its way into convenience foods, property management, household furnishing (whence came Mr. Seretean) and publishing.

Completely reversing RCA's earlier strategy of limiting diversification to traditional areas of existing know-how, Robert Sarnoff held the view common to most conglomerates of the 1960s that fast growth could be best achieved from a wide base and through protection from cyclical trading patterns. Resisting violently the tag "conglomerate," he also closed down more than 15 different loss-making operations and simultaneously switched the company's driving emphasis from high technology to marketing and product research for specific sales items to fill particular needs.

Between 1968 and 1972, Mr. Sarnoff pulled RCA out of marine radios (its first ever business), 16-mm. film projectors, electron microscopes, medical electronics and automation equipment. Most recently of all, in 1974, he phased out the company's unprofitable home audio business of radios, stereos and tape recorders.

The "post-computer years"—as Mr. Sarnoff himself described them—were initially very good for the slimmed down RCA. Net profits and sales both shot ahead in 1972 and 1973 with really only the company's Government business division losing ground. But the 1973 peak proved a watershed—the next year profits tumbled lower in a decline that is only now ending. Last month RCA reported the first increase in quarterly earnings seen since the start of 1974.

RCA'S PROFITS SLIDE

Division	1973 Net Profit $m.	1973 Sales $m.	1974 Net Profit $m.	1974 Sales $m.	1975 Net Profit $m.	1975 Sales $m.
Consumer Electronics	48.0	1,149	11.1	1,130	5.7	1,145
Commercial Electronics	25.8	644	(7.4)	671	(12.6)	630
Broadcasting	47.7	684	48.3	725	50.5	710
Vehicle Renting	19.3	677	23.2	722	25.4	770
Communications	18.2	165	25.7	195	28.6	220
Government Business	3.3	381	3.7	356	3.7	365
Other Products and Services	21.4	581	8.7	828	8.5	850
Total Profits	183.7		113.3		109.8	
Total Sales		4,281		4,627		4,750

1975 figures are Wall Street estimates.

RCA, as usual, is playing its problems very close to its chest but, from figures filed with the American Securities Agencies, it is clear that the 1974 downturn stemmed from a sharp drop in profits in consumer electronics and an equally sharp turnaround from profit to loss in commercial electronics. By contrast, returns from broadcasting and vehicle renting (the company's two other significant profit centres) rose during that year.

Setback

The downturn in consumer electronics was partly a reflection of the losses being made in the home audio division. But this was really only a minor factor — the real setback came in that year's 16 per cent. decline in sales of colour TV sets at a time when costs were rapidly rising. RCA, with over 20 per cent. of the market, was especially vulnerable to a recession which by the middle of 1975 had driven five large U.S. producers out of business.

Its problems were not attributable to less demand and more Japanese competition. Outsiders criticise the company for trying to run the Mid-West division from New York and there is certainly a strong case to suggest that RCA's marketing department so dominated decision making as to snarl manufacturing and production costs.

The commercial division's sudden loss also followed the colour TV slump. Its sales of picture tubes and solid state circuitry were badly hit by the recession which simultaneously drove already high fixed costs still higher. An added factor was the company's high start-up costs of a new operation to make telecommunications equipment.

To-day, RCA is coming out of this slump and Wall Street analysts looking ahead to 1976 predict renewed growth. Certainly, there are grounds for optimism—colour TV sales are again moving ahead while the company's NBC TV and radio broadcasting operation is running neck and neck with CBS for the prime time ratings leadership figures which are so important to advertising revenue. At the same time, Hertz has instituted its sharp cut-backs in Europe and North America and is forecasting further growth.

Hardly surprisingly given this profits dip, there seems an identifiable mood of caution running through RCA's outlook. Despite this, the company under Mr. Sarnoff was still making its business gambles — investing huge sums in a domestic satellite project and racing to be first out with a viable videodisc player for TVs. Combined, the company sees these two projects to add up to $1bn. a year markets by the 1980s.

But both the rewards and indeed the risks will still be there now that Mr. Sarnoff himself has departed. The major difference is that RCA has lost one of the main reasons for its loser image. It was always said after 1971 that RCA's share price would jump 20 per cent. on Sarnoff's resignation. In fact the immediate response was somewhat less being a gain from $18 to just under $20 but even that is a significant indication of the prevailing view.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Currency premium surrender

I hold 250 Hudsons Bay acquired 1957, I have been told that if these shares are sold 25 per cent. of the proceeds will be withheld as "investment premium." Will you please tell me if this is so? And if so, is there any way of avoiding the deduction? It seems such an unreasonable deduction as the company was a British firm registered in London when I bought.

You appear to have slightly misunderstood the implications of the currency premium surrender. You will in fact be substantially better off as a result of the change in the status of your Hudsons Bay shares.

When you bought them, they were U.K. securities and the price you paid did not therefore include the investment currency premium. Now they are foreign currency securities, and you will be able to sell them at a price which includes the premium, currently some 55 per cent.

The 25 per cent. surrender rule means that you would have to sell a quarter of the total proceeds for sterling at the current official exchange rate. All this means, therefore, is that you lose the benefit of the premium on a quarter of the value (not that 25 per cent. of the proceeds will be withheld) but are still able to retain the premium on the rest.

VAT on postage and packing

Could you advise me whether or not VAT would be payable by the seller in respect of a separate charge made for "postage and packing"? If such an item is taxable how could the tax be assessed in the case of two articles attracting different rates of tax and sold at a price inclusive of postage and packing?

Broadly speaking, a specific charge for the service of despatch by post attracts standard rate VAT, regardless of the goods despatched.

Where no charge is made for the service, VAT is levied solely on the price of the goods (at standard, higher or zero rate, as the case may be), regardless of the fact that the price might have been lower if the goods had been supplied over the counter. The courts have shown themselves prepared to analyse a single charge for a composite supply, however, albeit generally to the purchaser's advantage, and so a post-free price might fall to be dissected in certain circumstances.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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WEDNESDAY, NOVEMBER 12, 1975

Australia and the Monarchy

SIR JOHN KERR may or may not be acting within the established conventions as Governor General of Australia in dismissing Mr. Gough Whitlam and in calling general elections. That is a matter which is liable to be keenly debated by constitutional lawyers. But the more serious question—and it is one which is bound to be a major point of controversy in the coming election campaign—will be whether, whatever his legal rights, the Governor General was wise to intervene so decisively in Australian politics by virtue of a monarchical authority which has long relinquished any such intrusive claim in the mother country.

Electorate

Sooner or later, it was inevitable that the deadlock between the government and the opposition could only be resolved by an appeal to the electorate. Mr. Malcolm Fraser, leader of the Liberal opposition party, was able to use his control of the Senate to block the government's supply bills, in an attempt to force an election: Mr. Gough Whitlam, equally determined not to succumb to such pressure, aimed to use the government's looming cash crisis as a way of discrediting the opposition. If such a conflict is possible in Australia it is because the constitution provides for a bicameral system in which the upper chamber does not necessarily reflect the composition of the lower. Mr. Fraser chose to precipitate the crisis by defying the convention whereby the Senate does not block government money Bills, and in that sense the crisis raised constitutional issues even before Sir John's decisions yesterday. But the dismissal of Mr. Whitlam is bound to widen the constitutional controversy to include the role and perhaps even the office of Governor General.

Since the budget crisis erupted the government's popular standing has improved somewhat in the opinion polls, and since voting is compulsory in Australia such polls are a reasonable guide to voting intentions. But the polls will have to move a long way before Mr. Whitlam could have any chance of winning the general election, and his majority in the lower house is already so narrow that at this stage he seems likely to lose by a substantial margin.

The business community in Australia would no doubt be massively relieved at the departure of the Labor Government, provided, of course, that the election campaign is not marred by disruption from Mr. Whitlam's trade union supporters. The Labor Party came to power with a programme of social reforms, and reforms were and are necessary. Unfortunately it came to power, after more than two decades in opposition, with no experience of government and initially with an immoderate idea of the changes that would be feasible or acceptable in Australia.

Toned down

By now, after two years in office, these ideas have been considerably toned down to fit in with what is politically manageable. But the image of Labor as a party of good sense and moderation has been damaged by the strange episode of two ministers conducting personal negotiations for loans with foreign money brokers, while its image as a party of government has consistently been marred by the Cabinet's mixture of talents and nonentities, by the rapid succession of Treasurers in the midst of an economic crisis which is as serious in Australia as elsewhere; and above all by the arrogant flamboyance of the Prime Minister, whether in the restructuring of government departments or in the appointment of personal connections to important office. It is a pity that Mr. Whitlam has failed to provide credible government, for Labor came to power at a time when Australia badly needed a sensible reforming Government.

Interest rates slipping

THE NEW tap stock which the market has been expecting the Government to announce since the end of last week remained unannounced yesterday and business was quiet during hours. But conditions have improved greatly from the Government's point of view since the beginning of last month, when Minimum Lending Rate was raised by a full point for the second time within weeks, and this time unexpectedly. Although the need to keep London rates for short-term money competitive with those ruling in the U.S. must on this occasion, too, have been largely responsible for the decision to push up MLR suddenly, it was also said at the time to be appropriate to the domestic situation. Since one does not usually expect to see interest rates rising (even if the immediate real return is still negative) in the middle of an industrial recession, the domestic circumstances involved must have been the rise in the public sector borrowing requirement which, coinciding with a marked diminution in the Government's scope for financing its deficit through an inflow of overseas funds, involved the need to sell gilt-edged stock to the public on a still larger scale.

Since heavy sales are most readily made on a slowly-rising market, the decision to push the market quickly down to a point from which it could begin to rise again was not as perverse as it may have seemed. What is more, it seems to have worked. The scope for selling gilts has again become considerable.

Tap talk

No doubt there are general as well as purely technical influences to cite in explanation of the change of mood. The decision to borrow from the International Monetary Fund, for example, indicates a readiness on the part of the Government to submit to at least a certain amount of outside control over the soundness of its policies—and was partly justified by Mr. Healey, it may be worth noting, on the grounds that IMF money is considerably cheaper than that available on the open market.

At any rate, one short tap ran out on Monday, the long tap has been brought back into action, and the price of the short/medium tap has been raised. There was a fair amount of business after hours at the short-term end of the market yesterday, which may have been connected with a reiterated statement from the U.S. Federal Reserve—one that has already caused the prime lending rates of the large U.S. banks to fall for three weeks in succession — that the U.S. money supply has recently been rising below the target rate and that the Fed can therefore afford to let it rise rather faster for a time and bring interest rates down as a result.

A fall in U.S. interest rates improves still further, of course, the prospect of further large sales of gilt-edged stock in London. It cannot be taken for granted that a new tap stock will be issued at a price which gives a definite upward push to the market or even that any new tap will be issued at all in the immediate future: the short that has just run out was specifically designed to soak up excess bank liquidity, and the Government broker has other taps already at his disposal. But the market's interest is centred not so much on the possibility of a new tap issue as on that of a drop in Minimum Lending Rate this week. This is certainly possible, provided that the trade figures (to be published on Friday) and the money supply figures (to be published on Monday) are not too bad, and some people are even talking in terms of a ½ per cent. cut instead of the more gradualistic and traditional ¼ per cent. The further and sooner rates can be brought down, the more encouraging for industry; but the prime need at the moment, because of the sheer size of the public borrowing requirement, is to pursue whatever tactics seem most likely to keep up the institutional appetite for gilts.

The Petroleum and Submarine Pipe-lines Bill, receiving its Royal Assent to-day, brings a new climate to oil operations offshore the U.K. But many urgent questions remain unanswered, argues Ray Dafter

The end of the beginning in the North Sea

THE Petroleum and Submarine Pipe-lines Bill, the deceptively innocuous-sounding piece of legislation which gives the Government sweeping powers of control over North Sea oil, is due to receive the Royal Assent to-day. Together with the new tax regime, the provisions of the Bill present companies involved in offshore exploration and development with a completely changed operating environment.

The sharper edges of the proposals may have been blunted somewhat as a result of heated political debate and the quieter negotiations between the oil industry and Department of Energy officials, but the Government is satisfied that its fundamental objectives have not been altered. Certainly, oil companies still see it as an abrasive package of controls.

Whereas much of the Parliamentary debate has concentrated on the constitution and workings of the proposed British National Oil Corporation, the oil industry—through its U.K. Offshore Operators Association—has been more intent on trying to change the conditions for offshore licences and pipeline operations.

To some extent, it has been successful, although participants in the North Sea programme are still smarting from the fact that the Bill lays down completely new conditions for existing licences as well as those to be awarded in 1976 and later years.

Companies protested that it was wrong to impose retroactive measures without adequate compensation, although they must have been aware also that they were likely to get little change on this issue. After all, part of the Government's reasoning for the Bill is that past licence conditions have been too lax—particularly in the light of the quadrupling of oil prices—and that Britain has had insufficient influence over the development of her North Sea reserves. At present, some 60 per cent. of the reserves are in the hands of foreign companies.

Production controls

Probably the major change to the Bill achieved by the industry concerns depletion policy and the extent of controls on the rate of production in individual fields. The Bill in its original state meant that the Energy Secretary could have insisted that, on the grounds of conservation in the national interest, production was cut back to any level. In addition, he could have done this to any extent during the development of a field. Such wide-ranging powers would have put a huge question mark over the financing and economics of fields; no one could have been certain about future output or, consequently, levels of return.

Now, when the programme for the development of a field is settled between operator and the Government, the extent of such limitation will be specified. Furthermore, when the Government insists on operators stepping up production in the national interest (if Middle East producers should cut back supplies again, for instance) they will not be expected to invest more than the cost of one new well.

Another fundamental change largely removes the threat of reprisals should a company or group be in breach of its licence terms. As things stood, the Government had the power to revoke the whole of a licence even if the breach occurred in one small part of the licensed area. Any one licence can cover up to ten blocks. Conceding the change in the Lords, Lord Balogh, the Minister of State for Energy, commented: "The Government values the presence of oil operators far too much to damage their confidence."

Presumably with this thought in mind, the Government has also amended its proposals for controlling exploration. Under the current licensing system operators need only do exploration work in the first six years of the possible 46-year licence period: in other words they could sit passively on a block for 40 years. The Government wanted powers to insist on a continuing programme of exploration, a suggestion opposed by the U.K. Offshore Operators Association and its 42 member companies because they felt that this opened the door to uneconomic exploration.

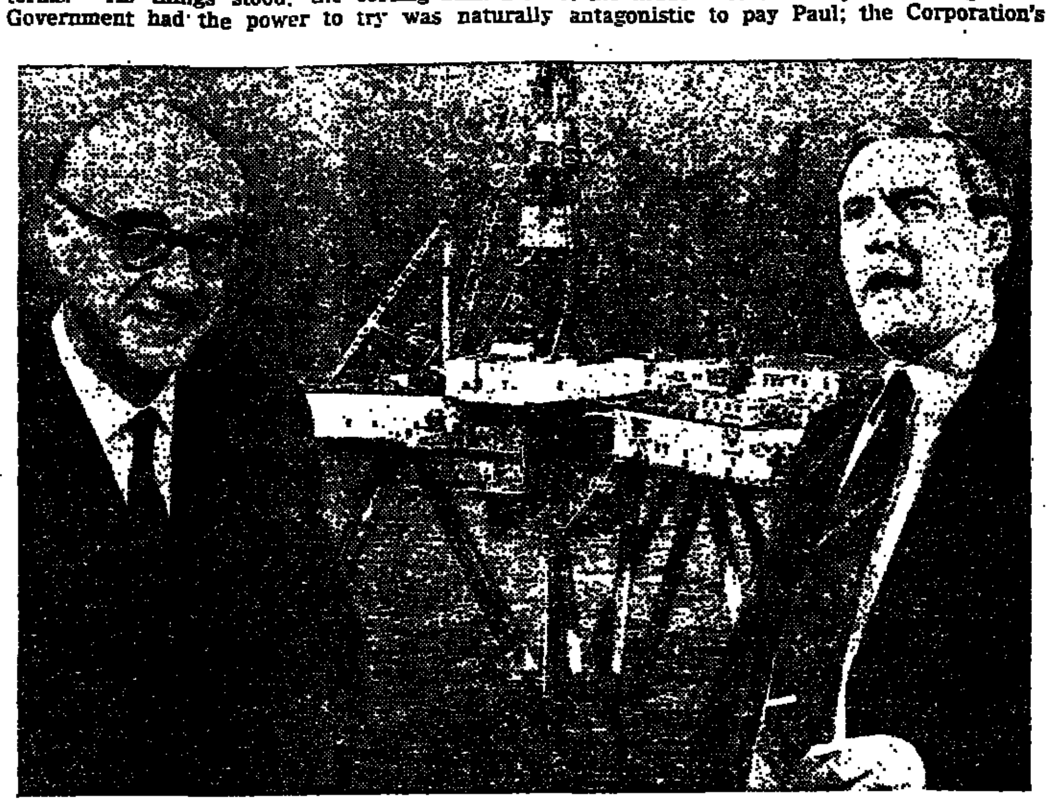
Now the licensees are being asked to do no more than might be reasonably expected from a conscientious operator: that is a licensee with the "competence and resources needed to exploit its rights to the best commercial advantage" and one seeking to exploit such rights.

The Government has also given way on its plans for sharing pipelines. Originally it wanted to be able to have the route or capacity of a pipeline changed to accommodate oil from a third party operator—even if this newcomer had not been identified. With pipelines costing £1m. a mile, the industry was naturally antagonistic to such a suggestion. Why should companies bear the extra cost of carrying oil for an undisclosed third party? The Bill as amended makes it clear that the newcomer must be identified and that it must pay the cost of any additional capacity or re-routing.

This does not remove the criticism that the third party is getting capacity "on the cheap"; indeed the clause is intended to help the developers of marginal fields which might not be able to afford a pipeline system of their own. In talks with the industry the Government has emphasised that the provision is meant as a long-stop arrangement; operators would be expected to agree on terms among themselves—as they have done with the Brent pipeline system.

Just how much freedom the industry will have to operate and agree among itself without State interference is still difficult to gauge, even with the Bill in its completed form. So much rests with the way the BNOC intends to exercise its wide responsibilities.

Here the Government has given away very little. The oil industry has tended to accept the BNOC's formation as a political decision and has thus largely left the criticism of its proposed function and form to the Opposition in Parliament. It was argued that, for an organisation with the stated aim of being commercial, the BNOC should pay Petroleum Revenue Tax like other operators. This received the rebuff that it would merely be robbing Peter to pay Paul; the Corporation's revenue would go into the national oil account in any case. Nevertheless, it has been agreed that the BNOC should publish the amount of PRT it would have paid, so that comparisons can be made.



Two key men behind the future pattern of offshore oil activity: Lord Kearton (left), chairman designate of the British National Oil Corporation, and Mr. Anthony Wedgwood Benn, Secretary for Energy.

The Bill will allow the BNOC to be involved in almost any venture concerned with oil and its derivatives, not only in the North Sea and the U.K. but in any part of the world. But it is the Corporation's powers to acquire a 51 per cent. stake in off-shore operating groups that is being scrutinised with most interest and anguish at present.

Talks on participation have progressed more slowly than companies might have expected a year ago. It is true that agreement in principle, if not in detail, seems to have been reached with a handful of operators, but these tend to be companies vulnerable to Government leverage: British Petroleum and Burmah, in which the State already has a large financial interest: and Deminex, Tricentrol and Blackfriars—smaller groups which need Government approval for licence deals or backing for financing arrangements.

So far, major groups like Esso and Shell, which oppose participation as presented by the Government, have come under very little pressure to start negotiations. Indeed, the pressure has been so slight that some in the industry have speculated that the Government has moderated its ideas: that instead of seeking a 51 per cent. stake in all fields it will content itself — at least in the early years—with a comparatively small number of holdings. It is argued that at least this would provide the Government and the BNOC, in particular, with an entree into the North Sea and a method of obtaining more information about operating costs and conditions.

There may be a more practical reason behind the Government's recent subdued approach, however. Much of its time and energies have been taken up in steering the Bill through Parliament. After all, without the Bill, talks about participation become academic. As if to quell any doubts, Mr. Anthony Wedgwood Benn, the Energy Secretary, said in the Commons only last week that nobody should be in any doubt about the Government's determination to set up the BNOC, to build it and to see that it became an immensely powerful State oil company.

At the same time, there are also signs that Mr. Benn and Lord Kearton, chairman designate of the BNOC, are re-evaluating the structure of the undertaking itself. It has been common knowledge within the oil industry for some time that headhunters have been having difficulty in finding a candidate among established oil company leaders who would be willing to fill the still vacant post of chief executive. Now, it seems, Mr. Benn and Lord Kearton (who is rapidly assuming the mantle of Government adviser on oil) are questioning whether such an appointment is needed at all.

Their current thinking seems to be that the BNOC should be a fairly lean operation, at least in the early years. It would have a part-time Board of established executives from a number of industries as well as the obligatory two Civil Service members, retained in spite of Conservative pressure. The Board would be supported by a team of younger specialists (coincidentally a structure that would broadly resemble the defunct Industrial Reorganisation Corporation, of which Lord Kearton was the first chairman).

Oil companies fear that the BNOC will become a bureaucratic giant, growing an[d] smothering North Sea oppor[tunities] and ingenuity, and [it] is likely that Lord Kearton, [in] his preliminary talks with i[n]dustry, has been trying [to] allay their concern.

The speed at which the BNO[C] grows will largely be dete[r]mined by the number [of] participation agreements ar[d] the haste with which it ventur[es] into downstream businesse[s] like refining and petr[o]chemicals. Lord Kearton sa[ys] that the Corporation will [go] downstream on fully commerci[al] lines, "with no subsidies [or] special privileges." Here, with so much in the Bi[ll] intentions are obscured [by] uncertainties.

For example, there is [a] refinery site with planning p[er]mission on Canvey Island whi[ch] could be acquired by the C[or]poration if it wished, but as [y]... no firm policy for refinery [ex]pansion has been defined [by] the Government. Although t[he] Department of Energy has s[ug]gested that two-thirds of Nor[th] Sea oil should be refined [in] the U.K., the oil compan[ies] still argue that under curre[nt] market conditions they wo[uld] like to export around half [or] more.

It is not only refinery pol[icy] which has to be clarified. T[he] Government has still to ma[ke] clear its exploration and p[ro]duction strategy. Exist[ing] proven reserves are suffici[ent] to meet Britain's total ene[rgy] requirements by 1980. C[om]panies about to sink explo[ra]tion wells want to know whet[her] the Government will encour[age] further searches and whet[her] companies will be allowed [to] produce the oil once it is fou[nd].

Nagging doubts

The Royal Assent for the B[ill] coinciding as it does with [the] arrival of oil from Britain's [first] major field, might be dee[med] to mark the end of the be[gin]ning in the development [of] North Sea oil. But it does l[ittle] to clarify the uncertai[nties] which, together with the ra[nge] of economic, technological [and] weather problems, have slo[wed] down progress in the [last] couple of years. The R[oyal] Assent itself does not signal [the] formation of the BNOC or [the] inception of the new licence [and] pipeline conditions—these [will] come in force only when [the] Government issues comme[nce]ment notices. No time sh[ould] be wasted, for the indust[ry's] nagging doubts will not [dis]appear until oil companies s[tart] negotiating the detailed leg[isla]tion in the Bill and until [the] BNOC ventures out into [the] open in its true colours. [The] Bill itself is the framewor[k of] the Government's thinking, [but] in general it defines the m[eans] rather than the ends.

MEN AND MATTERS

Mystery of the Suez E-types

"Want to buy an unused 'E'-type Jaguar vintage 1967 at a price between £700 and £1,500?" If you get such an offer my advice is don't, because if the car or cars are part of a consignment which was destined for the Far East and got locked in the Suez Canal in 1967 there is—according to both British Leyland and the Salvage Association at Lloyd's—a better than 99.9 per cent. chance that it or they do not exist. Further, the percentage chance that you are the mark for an elaborate and ingenious fraud is not much lower, and the police are known to be investigating.

Over the past four months or so the Salvage Association has received more than 350 phone calls inquiring after these vehicles, while Jaguar itself has fared little better. According to the Association, which should know, no Jaguar cars were on the cargo manifests of any of the ships trapped in the Canal. And although Lloyd's could not check the manifests of East European ships involved, British Leyland is confident that there was no such shipment.

One intriguing factor is that different versions of the story have come up in different parts of the country at different times. This suggests, frankly, a well-organised con - man racket. Equally intriguing is the fact that Lloyd's, which has been following the situation, has not so far come across anyone who has actually parted with any money. Of course the art of any good con is that the mark is too ashamed to admit he has been had.

The consensus of opinion is that at least one genuine 1967 E-type exists in good condition, and is being used as a sample to persuade anxious enthusiasts to put money down for an option on the rest of the consignment totalling—depending on where you heard the original story—between seven and 600 motor cars.

Purported destinations of the arrival of this apparently mythical cargo after clearance from Suez, have ranged from Hamburg to Liverpool, London, and more recently Southampton.

"Perhaps it's about time we became a republic."

The story gets curiouser and curiouser. Lloyd's found one man who claimed to have seen a car, and reputedly a number of others crated up. Checking with Jaguar, Lloyd's were informed that it did not crate its cars in a way that rendered them invisible. Neither has anyone been able to provide Jaguar with a single chassis number of any car which could be used to verify the existence of the vehicles. Each time the salvage association tried to follow through a lead it petered out into a dead end. It even reached the stage of pinning up a notice on the casualty board at Lloyd's informing the underwriters that the Association wished it to be known that it had no information whatsoever of any Jaguar cars being involved in the Suez lock-up.

According to British Leyland the only possibility of an honest deal is that a private dealer may have shipped out a few cars, and is now bringing them back. That certainly doesn't cover all the exaggerated claims made and therefore a clever swindle is the more likely solution for most people approached. The company says anyway that after seven years in Suez the cars would be barely restorable, and that after restoration would probably have cost the proud owner as much as a modern one-year old model in excellent condition, even if the original purchase price was only £500. At Lloyd's they are so fed-up with talk about non-existent Jaguar cars that an end to it might always rate the good news signal of a couple of rings on the Lutine Bell.

Merrill Lynch's London Arabs

Donald Regan, chairman of the world's biggest stockbroking company, was flattered when he opened the *New York Times* in his London hotel room yesterday. In its usual measured terms, the paper commended the need for reform of America's stock markets. Regan already appears to have found the support of the powerful Securities and Exchange Commission for his firm's grand plan to weld together U.S. markets into a national system, roughly analogous to the unification of British stock markets.

Acclamation is not always the lot of Merrill Lynch Pierce Fenner and Smith, which has had its share of scrapes this year, as I noted in September. Earlier this month it was ordered by a New York state court to pay a Toledo motel operator $700,000 damages for investing his money in speculative stocks against his wishes. Regan stressed that many such suits have been brought in the past and tossed out by other courts: Merrill Lynch, watched understandably closely by the rest of Wall Street, is busy appealing against the decision.

Regan's group, with its 19,000 employees, devotes about 65 per cent. of its energies to stockbroking, but he was in London to talk about another financial area where Merrill Lynch predominates: Government securities and money market instruments (Bank acceptances, certificates of deposit and so forth). The group has perhaps a fifth of the American business, and the volume handled in one day can reach $2bn.

So Regan came to Britain to talk to Arab bankers about the attractions of that particular sector of American finance. A tough 54-year-old who has come up through the ranks of Merrill Lynch, he acknowledged that competition for our money markets could be involved. Presumably we should take comfort from the fact that Bank of England representatives sat in on Merrill Lynch's conference, held in London as "the most natural place to meet" after, as Regan said, Beirut counted itself out.

Innocent

Sign in a West Country shop window: "Assistants required. No objection to sex."

Observer

FINANCIAL TIMES SURVEY
Wednesday, November 12, 1975

JAPANESE INTERNATIONAL COMPANIES

Japan's export successes have made it the world's third largest trading country, but direct investment abroad has built up materially only over the past five years. In part this reflects peculiarities in Japan's economic structure, and in part the delicate balance of its international relationships.

Emerging role as investor

By Charles Smith, Far East Editor

MOST PEOPLE in Europe now think of Japan in terms of cars and colour TV sets rather than in terms of geisha girls and Mount Fuji. They are, of course, absolutely right. Japan is now the world's largest exporter of both these products and of many other reasonably priced and high-quality goods which please consumers and upset businessmen in other developed countries.

As an index of its success as an exporter of manufactured goods Japan can now claim to be the world's third biggest trading nation (after the U.S. and West Germany). It has come up from sixth place in this particular league table during the past ten years and it may move higher, overtaking West Germany during the coming decade, if current official projections of the country's prospective trade growth are accurate.

Yet Japan's success as a trading nation remains unmatched by any equivalent prominence as an overseas investor. The value of Japan's overseas investment at the end of 1974 was less than that of Britain or West Germany both in total and (still more strikingly) as a percentage of its trade of gross national product. Japanese companies have, in fact, only begun to go abroad to any significant extent in the past five years and are still inexperienced in many of the techniques required to operate successfully outside their own country, which are familiar to their competitors in Europe and the U.S. The purpose of this survey is to examine the reasons for Japan's swift but belated emergence as a foreign investor, and to discuss the impact of the growing Japanese "presence" in other parts of the world.

Japanese companies began to venture outside their own country in the late 'sixties for three contrasting but equally pressing reasons. First was the lack of space in Japan itself. Japan is about one and a-half times the size of the U.K. but its land area is 80 per cent. mountainous and most of the available flat space for industrial development has been covered by the industrial sprawl of the past 20 years (with increasingly powerful environmental lobbies opposing the industrialisation of what remains).

Overcrowded

The shortage of labour and the pollution of Japan's air and water generated additional pressure on Japanese business to seek breathing space outside Japan. But it was not only the overcrowding of the Japanese islands which made the move out of Japan inevitable. Japanese manufacturers felt they needed to secure manufacturing bases in at least some of their main overseas markets in order to be on the safe side of any import barriers which might be raised against their products. Meanwhile, in the opposite direction Japan's phenomenally heavy dependence on imported raw materials began to prompt increasing participation by Japanese interests in overseas mining, crop raising or energy projects.

These three factors, coupled with the positive need to spend money abroad as a result of a massive trade surplus, started the rush to invest abroad by Japanese companies around 1969 and kept the process going at full speed until less than two years ago.

By 1973 the Ministry of Finance had approved investment applications for over $10bn. worth of projects. In the same year straight line projections were indicating that, by 1985, Japan would own $370bn. worth of foreign investments, or more than any other country including the U.S.

The 1973 oil crisis, with its stunning impact on both Japan's domestic economy and its external balance of payments, took much of the steam out of the foreign investment boom. Ministry of Finance approvals for foreign investments fell by nearly a third in 1974 (to around $2.3bn.) and the 1975 figure will probably be much the same again. Official projections for the value of Japan's cumulative foreign investment in the mid-1980s are now pegged at just over $90bn. or about one-quarter of the estimate produced by a straight line projection. But such projections still make Japan the world's second biggest foreign investor after the U.S. by the mid-1980s. Moreover there is always a chance that, once economic activity begins to revive in Japan and elsewhere, they may be revised upwards.

It remains relevant, therefore, to consider how Japan's financial relations with the rest of the world are going to be effected by its emergence as a big foreign investor, what other countries are likely to feel about the growing Japanese presence on their territories, and how the Japanese economy itself will be affected by increasing overseas investment.

The answer to the first question, on the financing of Japanese investment, seems to be that a great deal of the necessary money will have to be borrowed. Now that Japan's spectacular balance of payments surpluses have disappeared in the wake of the oil crisis and there is no sign that the country is about to emerge as one of the world's great capital producing centres. The balance of payments has been in moderate deficit for the past year or so (with a visible surplus more or less cancelled out by an invisible deficit). It could go further into deficit when Japanese economic activity picks up early next year.

Japanese companies with foreign projects to finance have already begun to show ingenuity and sophistication in the tapping of foreign capital sources. As examples one could cite the success of Asahi Chemicals in raising money in Britain under an ECGD guarantee for an investment project in the Republic of Ireland or the recent achievement of Sony in gaining double-A rating from an American securities analyst in connection with the financing of a U.S. investment project. Both the sophistication of borrowing methods and the amount of money involved will grow vastly in future. But the Japanese Government, which has always been chronically sensitive to Japan's international credit rating, will be unlikely to permit a mad rush of Japanese companies onto world money markets.

There will be other, more positive, developments to cushion the impact of Japanese borrowing. One factor will be the rapid expansion of Japan's overseas bank branch network (now totalling just over 100 branches, including 40 belonging to the specialist Bank of Tokyo, but likely to grow by another 100 or so by the mid 1980s).

Another major development could be the emergence of the yen as a reserve currency. The Ministry of Finance, which for years tried to restrict the yen to the status of a purely domestic currency, now admits to having reversed its position in this issue and seems to be actually encouraging some South East Asian and Middle Eastern countries to build up yen holdings as part of their reserves.

If the financial impact of Japan's overseas investment during the next few years looks likely to be manageable, the political and economic impact on some of the host countries could be less so. By 1985 according to an official projection published by the Ministry of International Trade and Industry, Japanese overseas investors could be producing about 5 per cent. of the GNP of the developing countries in which they are active. By the time that projection comes true Japan will be the biggest foreign investor, not just in South Korea and Indonesia as it is to-day, but in a variety of other medium or large developing countries which could include Brazil, Venezuela (if U.S. investment retreats in the wake of the oil industry takeover), Malaysia and Thailand, and perhaps some Middle Eastern countries.

The Japanese have not scored particularly high marks up to now for making their presence acceptable in countries where they are active in business. The disastrous reception given to former Premier Kakuei Tanaka on his South-East Asian tour in January 1974 reflected resentments in Indonesia and Thailand at the prominence and alleged insensitivity of Japanese investors. The lesson was taken to heart by the bureaucrats in Tokyo. As a result, there has been a successful rearguard action in patching up relations with Indonesia which is about to benefit from another massive infusion of Japanese money and know-how (into the $600m. Asahan aluminium project).

The fact that the Government is aware of the risks involved in Japan's becoming visibly dominant in the economies of developing countries is no guarantee, however, that Japanese business will be able to behave acceptably. Japanese companies, to a greater extent than those of Europe and the U.S., have experienced difficulty in becoming multinational in the sense of decentralising their operations from the home office and giving responsibility to outsiders. They will have to surmount this hurdle sooner or later if Japanese investment is to be smoothly integrated in the outside world.

When Japanese companies first embarked on light industrial investment in South East Asia they skirted the problem of decentralisation by leaning heavily on local partners. Until two years ago about two-thirds of such ventures involved a minority shareholding by the Japanese company in contrast with, for example, American investments in South East Asia where the emphasis is on wholly-owned or majority-controlled enterprises. Japanese investment in South East Asia and elsewhere, however, is tending to move from small scale assembly or finishing operations into more integrated ventures where reliance or local capital or management may be impracticable. The control of big overseas ventures by Tokyo-based companies with highly centralised decision making processes and no real tradition of delegating responsibility presents problems that have yet to be seriously tackled.

Surveillance

It is a problem in which, as in other issues related to foreign investment, the giant Japanese trading companies are setting the pace. Major companies such as Mitsui and Mitsubishi have now progressed some distance towards setting their U.S. subsidiaries free of home office surveillance—a step which seems only natural in Mitsui's case considering that the U.S. subsidiary is actually

CONTINUED ON PAGE V

Tokyo's shadow over multinationals

SOME PEOPLE say there is no such thing as a multinational corporation, meaning that, despite all appearances of international management and worldwide networks of offices or even ubsidiary companies, the crucial corporate decisions are invariably made in Detroit or New York or wherever the head office happens to be.

Other people (who may not be disposed to argue about the foregoing) say that the essential feature of a multinational has little to do with where decisions are taken, so much as the fact that they can be taken without regard for the wishes of governments in general. For instance, profits can be made to appear in a Caribbean tax haven rather than in countries where they would be heavily taxed, export strategies may run counter to those of national governments, and so on. By this definition "multinational" is really a non-emotive word for the "supranational" corporation.

By almost any definition, however, there are no Japanese multinationals. Japanese-owned companies comfort themselves as Japanese companies, with nearly all that this implies in terms of subservience to some higher authority in Tokyo, no matter where it is they happen to be operating.

In all probability this will continue to be the situation for a long time to come. That is to say, it may have little to do with the lack of offshore experience of most Japanese companies, and really be a *consequence of the way* Japanese business is organised. There are two distinct aspects which count: relations between companies and Government: and relations betwen companies and their own management employees at all levels of seniority.

Up to the present, anyway, these relationships have only too clearly exerted a strong pull, so that, as much as Japanese industry and commerce have spread their activities, the centre of gravity of the operations has remained firmly and indisputably in Japan.

One of the peculiarities of Japanese capitalism is that, while it undoubtedly allows for some elements of competition, it is in other respects highly regulated. Within Japan, both managements and the bureaucracy have long accepted that the bureaucrats — variously represented by the Ministry of International Trade and Industry, the Ministry of Finance, the Bank of Japan and other agencies—have the duties of traffic police. By this it is meant that they are entitled to redirect competition in various ways, which on occasion means preventing flows of investment in certain directions and can also involve opening up new routes by which companies are guided into previously unexplored spheres of enterprise.

It works on the whole without formal sanctions, and mainly because most managements are compliant. This means that when there is a rogue elephant which pays no attention to the traffic signals, it is immediately noticed and marked down for subsequent retribution. This becomes a cooperative effort in *which the bureaucracy is aided* and abetted by the companies which have observed the unwritten rules, which often means their bankers as well.

In Japan the bureaucracy never forgets. A company which has flouted authority may sometimes prosper, but it dare not fall on hard times and come begging for help. If it does, that help may not be forthcoming, as some of the more spectacular casualties of the present recession testify.

While all this may be an exaggeration, it is not a seriously misleading one. And what applies at home, is very largely also true of corporate activities abroad — activities which for the most part take place well beyond the reach of Japanese law, as such.

No Japanese securities company or bank would think of opening a representative office, let alone a branch, in a foreign city without the full knowledge and prior approval of the Ministry of Finance in Tokyo. In fact the Finance Ministry strictly controls the number of such establishments and ensures that all contenders get a fair share of the action it is prepared to allow.

It goes much further than that. Once an offshore bank has been established, the authorities remain interested and active. In 1974 they even *set quotas for offshore* Eurodollar lending by Japanese banks abroad—a feat which no other major monetary authority would so much as attempt.

What is true of banking applies in some degree to all kinds of foreign investment. Manufacturers also have to apply for permission to launch *overseas projects (this is given* by the Finance Ministry) and may frequently find a proposed course of action either encouraged or discouraged (usually by MITI).

Basically, this seems work for exactly the same reason that the domestic system does. Companies which seek to play their own game abroad are liable to find this will count against them at home. Moreover, the system feeds on itself.

Propensity

Japanese executives tend to say they need the Government's *traffic control to save them from* themselves and each other. By this they mean that they would all rush into the same places with the same services if somebody did not stop them. Some sociologists say this is a peculiarly Japanese propensity. Whether or not that is so, *it* is obvious that once the traffic officers have shown themselves to be competent, managements are relieved of the need to make some hard decisions. They can safely go for all they are worth, confident that the route will not be gummed up and that others will be heading in different directions.

In fact it is probably fair to say that *businessmen go running* to MITI with their problems, and with stories about what competitors are up to, quite as much as bureaucrats come snooping for information or seeking to check out complaints. Thus, MITI is liable to know almost as much about what is happening in Peru as in Yokohama: there is no reason at all why its flow of *information should* be cut off at the national frontier.

However the picture is not complete. Important as it is that head offices and the bureaucracy are welded together, still the system might not work on a world scale were it not for the nature of the relationship between each head office and its expatriate management.

Generally the overseas managers are Japanese who are in a hurry to get back to Japan (see box) and who in fact usually do come back after postings of not more than three or four years. Such men, who typically have an eye on the promotion race going on within head office, are not promising material for multinational purposes. Because they intend coming back to Japan and may be presumed to have their own as well as the company's best interests at heart, they are as plugged in to the system (and are receiving MITI'S messages as loud and as clear) as if they were occupying offices in Tokyo.

This is the second, if complementary, reason why there are no Japanese multinationals. It can be argued quite convincingly that if and when Japanese companies begin to recruit managers abroad and/or a lifetime of overseas service becomes an acceptable career for talented Japanese, then finally the power of the bureaucracy will be broken.

However, it will not happen soon, if it ever does. It is supposed to be approved policy for Japanese firms to promote local employees, but there has been at least one disastrous experience in the past year (in which Sharp was fined $A100,000 for contraventions of Australia's trade practices legislation, because of Australian personnel). It is safe so there is no great enthusiasm for the practice.

There is also no easy way to convince a Japanese executive that he is well off abroad, when all his preferences and instincts tell him that he and his family are at a disadvantage.

Fortunately, perhaps, it is far from clear that absence of Japanese multinationals is a bad thing. The fact is that the Japanese Government is accountable for the activities of Mitsubishi, Mitsui and other huge companies with vast resources and international activities, in a way that the U.S. cannot be made for General Motors or ITT. This could be *said to be in the interests* of governments at large and the general public as a whole.

Peter Dunn
Tokyo Correspondent

MT. FUJI STAFF COLLEGE

Among more permanent monuments to Mr. Eisaku Sato, the former Prime Minister and Nobel Peace Prize winner who died last June, is a cluster of buildings on the slopes of Mount Fuji known as the Institute for International Studies and Training. Mr. Sato took office under the banner of "self-sustaining peace diplomacy" in November, 1964, and immediately appointed a brains trust to think up suitable initiatives, and the *institute is a direct result.*

The early planners probably had no clear idea what they were doing. But political push, ready money and the Ministry of International Trade and Industry were bound to produce something. It turned out to be a graduate college, the main purpose of which is to put 120 young men through a ten-month course every year, preparatory to *overseas posting some time in the future.*

Companies which know what is good for them (if nothing else, keeping in with MITI) nominate young managers and pay the £1,500-plus fee. After that the trainees move into residence and start learning English, how to endure cocktail parties and other useful things that emerge from international case studies and learning about particular *regions or countries.*

While all this is obviously progressive and may some day contribute to peace *in Japan's co-prosperity sphere in a way* that Mr. Sato possibly never dreamed of, the institute has a peculiarly Japanese pall hanging over it. Its students are not noticeably pleased to be there, still less to be earmarked for future work abroad.

Trainees say the reason they do not look forward to the tour of duty overseas is "education problems." By this typically Japanese understatement, they mean they fear their children will miss some rungs on the ladder to (Japanese-style) success.

The other snag is that every young manager fully expects to lose out in the corporate rat race, if he spends even only two or three years abroad at a crucial stage of his career when abilities are liable to be noticed by superiors and long-range promotion patterns set.

The school seems to recognise this, and that it can do nothing about it. Says Mr. Eme Yamasita, the former MITI vice-minister who has done more than anyone to nurse the institute through its formative years (the present is the sixth crop of trainees): "We aim to make our men effective abroad, not *to like the idea of going there if they* don't already.

The great trading companies of Japan have been under attack—from the bombs of Left-wingers, and from anti-monopoly investigators. They have however emerged stronger than ever.

Trading companies

AT THE TOP of the steps leading up into the headquarters of Mitsui and Co. in Tokyo stands a young man in dark grey-blue corporate denims and company cap to match. Behind him and just inside the vestibule by a kind of driftwood sculpture stand a row of older men by a registration desk: sheafs of visitors' entry forms lie open in front of them. Every one of the *thousands* of daily arrivals must duly sign in, stating the purpose of his visit, the department he is going to, his own company, rank and name, etc.

None of these precautions was taken until last year, when a bomb exploded in an upper floor of the Mitsui HQ; nor had the company felt it necessary to station a regulation karate man outside its doors until then. Since October 1974, however, when the bomb raid took place, Mitsui men have been on the alert for a second Left-wing eruption. Martial vibrations have been set off *within the* world's second largest trading organisation—as at Mitsubishi Corp., (the No. 1) Marubeni Corp., C. Itoh & Co., Sumitomo Shoji and Nissho-Iwai. The general atmosphere has changed.

Both in the lifts and in all offices the company security *corps have pasted up notices* depicting little men carrying brown paper parcels into Mitsui HQ. "Remember, remember the 14th of October," state the captions on these pictures, referring to the day the bomb went off. In the corridors, too, you are liable to be suddenly stopped—if you are Japanese—*and asked to account for your* presence in the building; spot checks on strangers are the order of the day.

There are hidden TV cameras, in-company systems for keeping tabs on all staff known ever to have had contacts with Left-wing student organisations, regular liaison with the Tokyo police, security double-checks *on the houses of top executives.* There are men on the roof with spyglasses ensuring that no *obvious threats to the corporate entity are emerging from* the skies above. In other words, if you really want to make your mark at Mitsui try walking in the front door with an oblong parcel under your arm.

The extreme sensitivity of the corporation to revolution springs from a plain motive—the desire not to be done in the eye. But Mitsui and its fellows in the corporate trading world might not be quite so concerned had they not been under sustained assault in Parliament from all Opposition parties: had not their presidents been *obliged to make their way to* the Diet in early 1974 and offer an abject and well-televised apology to the public for (in effect) cornering markets in the midst of Japan's worst inflation in 20 years: and had not the trading companies been under investigation by the anti-trust body, the Fair Trades Commission (FTC), for a period of two years now.

The FTC summed up its provisional findings in a document published on January 21, 1974. In recent years, stated this paper by way of introduction, the general trading companies of the nation had expanded their operations *greatly,* "taking every advantage of their diverse functio[ns] as trading companies and th[eir] huge capital." They had (a) vigorously extended their co[n]trol over enterprises w[ith] which they have business de[al]ings; (b) vertically organis[ed] the entire process of importi[ng] raw materials and marketing *manufactured products;* (c) brought together the int[er-]related entrepreneurs, a[nd] become the *propelling for[ce]* behind mammoth projects [for] the development of resourc[es] etc.

The FTC went on to press [a] charge which it regards as st[ill] more serious: that the tradi[ng] companies were taking a k[ey] role *in consolidating the* po[si]tion of the giant industri[al] commercial groups of t[he] nation "presently in the proce[ss] of being organised." The an[ti-]trust body thus credits t[he] trading firms with part-respon[si]bility for creation of the mo[st] formidable business entities [in] this country, the loosel[y] *organised former zaibatsu* money-groups of pre-Wor[ld] War II days.

The accusation is a testimo[ny] to the determination of the FT[C] to take action after many yea[rs] of idleness against the rapid[ly] growing trading firms and the[ir] industrial allies—notably withi[n] the Mitsubishi, Mitsui an[d] *Sumitomo groups. It has* take[n] the FTC a long time to wak[e] up to the challenge but follow[-]ing the almost unprecedente[d] inflation of 1973-74, whic[h] created exceptional opportun[i]ties for making profits, th[e] anti-trust body finally moved.

Not that the FTC is likel[y] to have any real impact o[n] *the trading groups at the* pre[sent]

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As employers of labour abroad Japanese companies are rapidly gaining experience. Good working relationships have been formulated in a number of countries.

Foreign labour

ONE OF the Japanese managers at the Sony television factory at Bridgend in South Wales has become a godfather to the baby of one of his 330 employees. The company is delighted to have achieved such social rapport with its Welsh work-force, and other Japanese companies see the event as a happy augury for their own future operations in Britain.

Sony is the largest of the five Japanese manufacturing subsidiaries in the U.K., the others being the Terasaki 50:50 joint venture making fuseless circuit-breakers in Glasgow, the Nittan fire alarm factory at Woking, the Takiron Chemical corrugated PVC sheeting plant at Caerphilly and the YKK zip-fastener factory at Runcorn.

Between them these Japanese firms employ fewer than 700 British workers, so they are hardly significant even among foreign employers in the U.K. When Matsushita and NSK open their Cardiff colour TV and Peterlee ball-bearings plant respectively next year, the number of British workers employed in Japanese factories will reach about 1,200.

Ventures

In Ireland, there are nine joint ventures in which Asahi Chemical, Toray Industries, Mitsui Bussan, Morinaga Dairy Products, Mitsubishi Metal Mining, Nippon Electric, Brother International, Nissan and Toyota are involved. About 1,500 Irish people are on their payrolls.

This Japanese contribution to the manufacturing sector in the British Isles makes an impact out of all proportion to its rather small size. This is because it is still so unusual and unfamiliar for Britons and Irishmen to find themselves working for a non-Western owner, because of the controversies surrounding trade with Japan generally, and because of the Japanese reputation for efficiency and paternalism.

At first it looked as if the Japanese were going to try to introduce into Britain their own methods and style of management and labour relations. This was largely because of the YKK experiment at Runcorn and the publicity which it has received in the British Press and TV.

The YKK plant has successfully resisted trade union representation in its work force, relying instead *on an intense* feeling of participation which its dynamic young executives have generated among their 200 employees.

Like the Sony expatriates in Cardiff, the YKK managers wear overalls in working hours and get their hands dirty on the machines as a matter of daily course. But they go even further than most other Japanese companies abroad in consciously identifying with their work force. They live in similar housing on the same estate, play the same sports and frequent the same pubs as their workers.

At Runcorn this policy, reinforced by frequent visits to Japan where the British workers are lionised, has allowed the *management to encourage the* works committee to spurn the approaches of local union organisers.

This increased the fears of the British union movement lest the Japanese would try to impose their notoriously pliant house unions on their British employees.

Such fears were not mollified by the National Union of Bank Employees' experience with the Japanese banks in London, which with one honourable exception have been, in the words of Miss Sheila Rothwell, a NUBE organiser, "wary of trade union recognition."

The Bank of Tokyo, which is the most experienced of all Japanese banks in foreign operations, has an agreement with NUBE which the union regards as highly satisfactory. But another Japanese bank was taken to the industrial relations court and involved in High Court action over the question of union recognition, and the *union finds that pressure is put* on local staff not to join.

Japanese managers are apprenhensive about the British trade unions. "Japanese businessmen have never had any experience with long-term strikes," explains Mr. Shinzo Oya, president of Teijin Textile. A Japanese Ministry of International Trade and Industry (MITI) official puts it even more bluntly: "Japanese businessmen do not have much experience *with unions.*"

But the new manufacturing subsidiaries in Britain are unlikely to follow the YKK pattern of defying union pressures. Sony negotiated a closed shop agreement with the Amalgamated Union of Engineering Workers at Bridgend which has worked out broadly to the satisfaction of both sides in spite of the initial mutual suspicion.

Similar

NSK *is also negotiating* a similar arrangement in Peterlee, near Durham, and it looks as if the Japanese will not try to boycott the dreaded British union system.

They may have noted the call by Mr. Oka Shogo, secretary-general of Japan's largest trade union federation, Sohyo, condemning these overseas ventures in "areas of cheap labour" (wage costs are now about £10 a week cheaper in Britain than in Japan). "We cannot accept such investments," he said, "because it makes it more difficult to win improvements in our own wages." He even offered to help the TUC's campaign to stop the NSK plant at Peterlee, and warned British unionists to be "on their guard against company *unions.*"

In spite of its closed shop arrangement, Sony does not confine its labour relations to mere union relations. There is a conscious effort to transplant some of the acceptable features of the Japanese shop-floor to South Wales.

All the staff, from the managing director downwards, wear the same factory overalls, and there is a great deal of horizontal communication designed to foster the sense of belonging and of being needed.

The staff are being kept on in spite of the recession and under-utilisation of capacity, reflecting the Japanese sense of mutual loyalty between staff and employer.

Because of all this there is the greater sense of democracy on the shop floor which Professor R. P. Dore detected and analysed in his recent comparative study *British Factory—Japanese Factory.*

Sony is possibly a little exceptional in being more cosmopolitan than other Japanese firms. Almost half of its equity is in fact foreign-owned, for one thing, and it was the first Japanese corporation to appoint an American as head of its U.S. operations. Bridgend's boss, Mr. Hiroshi Okochi, came from the Sony San Diego factory.

It likes to think that its name befits its international role better than a more exclusively Japanese corporation to a point perhaps suggestive that the Matsushita plant nearby will be known as National Panasonic rather than by its Japanese name.

Once the initial shock of the occidental-oriental encounter *in a work situation has worn* off, the collective verdict of the British workers seems to be that they like working for Japanese employers. The Japanese managers work hard, do not put on a lordly air and pay well. If they are more *exacting in their expectations* than their typical British counterpart, this can often awaken a response from the British shop-floor which seems to go back to a pre-welfare puritan work ethic.

Indeed, some observers of these historic experiments in cross-cultural industrial investment believe that the real difficulty will lie not in labour relations as such but rather in relations between Japanese and British managerial staff. The latter tend to be more individualistic and less communicative, and they thrive on independence. Japanese tradition requires managers to be more deferential to head office and to spend more time discussing *their work before they* actually go out and do it.

Since head office for subsidiaries in Europe is 5,000 miles away, this can lead to tension and frustration between aspiring British executives who *feel they know* what the local market or production situation needs, and their immediate Japanese superiors who are more cautious (and who are likely to return to Tokyo after a short spell if they are ambitious to climb up to the top of their corporation).

One interesting development is the birth of specialist institutions and services to give Japanese managers specialist training in European industry. In London, Dr. W. Barry's Euro-Japanese Exchange Foundation is one of these, and another is about to start outside Paris. And Dr. Keith Thurley of the London School of Economics is conducting a survey of Japanese labour relations in U.K. subsidiaries, with the help of two Japanese—one seconded by MITI, the other by Hitachi.

Dick Wilson

Matsushita Electric manager at the National Centro-americana plant in Costa Rica talking to local employees.

Trading

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sent rate of going. The situa*tion of the latter in the key* area of interest to the FTC—capital investment in affiliated companies—is as follows:

	Capital Investment (Ym.)
Mitsubishi Cpn.	14,271 (110)
Mitsui & Co.	23,289 (148)
Marubeni Cpn.	14,316 (154)
C. Itoh & Co.	19,870 (107)
Sumitomo Shoji.	3,891 (55)
Nissho-Iwai.	5,864 (90)

These figures, it may be noted, cover affiliated companies in which the trading companies' capital share is 30 per cent. or more (the rest are excluded); figures in brackets show the number of affiliated companies. Mitsubishi is shown at the top as it was superior *to others in turnover in the* past full year to September 30, 1974, though Mitsui has since come up to number one on some counts.

Why are these affiliations of such *interest to the FTC?* Because, in its own words, although "the enterprise groupings belonging to the Six have (not) yet reached the position of having concentrated excessive economic powers similar to the old *zaibatsu* .... if the three groups belonging to the old *zaibatsu* tighten their unity a step further and lead the other three groups to consolidate and expand their groupings, the competitive order in a very important field of our national economy will be damaged. There is also the danger that .... the development of a free and democratic economy (will be hampered)." The FTC accordingly took the view, in early 1974, that "it will become *necessary to place some restric*tions on the acquisition of stocks by the trading companies."

Since then the FTC has made no progress, so far as can be seen. Much of 1974 and 1975 was taken up with a long and confused battle over legislation—amendment of the Anti-Monopoly Law. One of the most important provisions of the new law, as drafted by the FTC, was a limitation on stock holdings in affiliated companies. However, the FTC amendment was steadily watered down in the Diet until a point was reached where, some lawyers felt, there was a danger that the original legislation might actually be weakened rather than reinforced by the amendment.

Then, in the end, the ruling conservative party consigned the entire Bill to the waste paper basket. Legislation having been duly shelved the trading *companies have organised them*selves for further battle. Liaison committees have been set up among the companies so that each one is informed of all new developments, little matter whether they be earth-shaking (thus Mitsubishi was duly informed of a foreign correspondent's visit to Mitsui and vice-versa within two hours of the event).

The odds are that the trading companies have, if anything, reinforced their important position in the Japanese economy as a result of the FTC investigation. In the eyes of the general public their status has definitely not improved. But in real terms they have not been even mildly dented.

Well-being

Business itself is on the increase, and the trading companies' contribution to national well-being—in the form of increasing exports—can scarcely be doubted, as the latest figures from Mitsui suggest. In the six months to end-March 1975 net sales of the company were \$13,857m. as against \$12,159m. in the comparable period of the *previous year. Domestic sales* went down from 57 per cent. to 46 per cent. of turnover, while exports rose from 14 per cent. to 23 per cent. of turnover (imports declined marginally).

The Japanese managed to increase exports by 60 per cent. in the space of a year, thus paying the quadrupled oil bill. And in this matter the success of the trading firms was crucial. For the time being they are under sustained pressure within Japan: public feeling against them could well mount again in future—much depending on the course of international events and the rate of recovery from the deepest recession since the World War II. However, in the longer run public opinion is likely to swing back towards an appreciation of the role played by the trading companies in underwriting economic stability in Japan, so they should be guaranteed the home base necessary to their continued advance overseas.

For the record, accumulated foreign investment by the Six had risen as follows by the end of March 1975: Mitsui and Co. \$620m., Mitsubishi Corporation \$406m., Marubeni Corporation \$303m., C. Itoh and Co. \$270m., Nissho-Iwai \$120m., and Sumi*tomo Shoji \$66m. Given the* shortage of land in Japan and the strength of the "environment lobby" the rate of Japanese direct investment overseas, all mostly steered and financed by the trading companies, is likely to remain high. The Six are clearly all multinationals of the future.

Henry Scott Stokes

Middle East

The Japanese businessman has had great success in selling to the Middle East, particularly since the oil crisis, despite a certain cultural gulf.

IN THE oil-rich markets of the Gulf Japanese businessmen have been the most evident in the last few years—not the least because of the size of the packs in which they hunt. Their frenetic and persistent activity has been rewarded. Of all the leading industrialised countries Japan has made the most rapid strides since the Middle East market as a whole first began to take on a new allure with the increase in the price of petroleum. As the consuming State with the biggest import requirement, it has also had a very big incentive to maximise its sales to the region.

The Economic Research Institute for the Middle East of Tokyo recently completed a comparative study covering the *imports of 22 countries of the* Middle East and North Africa (including Israel and Turkey) in recent years. It indicated that Japan's share of this market had increased from 5.9 per cent. in 1970 to 10.3 per cent. in 1974, a period during which Britain's fell from 10.2 per cent. to 8.1 per cent.

Challenge

It was the price rises of 1974 which gave the real challenge and Japan's response to the increased burden last year was *better than that of any other* leading industrialised country except West Germany. According to OECD data, Japanese exports to the Arab world and Iran rose by 118 per cent. to \$3.7bn. which put it fourth in this league behind the U.S. at \$7.09bn. (a 74 per cent. increase), West Germany at \$5.22bn. (146 per cent.) and France at \$4.06bn. (60 per cent.). Even more impressively, during the first quarter of 1975 they were running at a rate 157 per cent. over the same period of 1974.

In the markets of the main oil producing states the dominance of Japanese electronic consumer goods in shop windows and the growing penetration by its motor manufacturers has long been the most visible manifestation of competitiveness. Overall a breakdown of its exports to the main Middle East markets in 1973 shows that machinery and mechanical equipment accounted for 37.5 per cent. of total exports, metals and metal products 26.8 per cent. and light industrial products 22.7 per cent. It is the strength of Japan across a broad range of engineering and manufacturing industries which *makes it such a formidable* competitor.

For Iran and the Arab countries, including non-producers, the growth area is inevitably for capital goods, and here performance in future will depend to a large extent on the share of major contracts won. From this point of view the prospects for Japan look particularly promising, especially with its involvement in the petrochemical and steel industries of the producing states. Iran, accounting for rather more than *\$1bn. of Japanese exports* in 1974, is a particular focus of attention for petrochemicals. C. Itoh's negotiations with the *Government on a project for* liquefaction and export of natural gas fell through several years ago, but Nissho Iwai has 15 per cent. in the Kalingas group which has come close to finalising agreement on an LNG joint venture. The scheme, which is estimated to cost over \$4bn., would involve the production of over 700m. c.f.d. of gas rising to 1.2bn. c.f.d. with the upper limit yielding something like 700m. tons of LNG.

An investment of well over \$1bn. is envisaged in the present 1973-8 5th plan period for the *petrochemical complex of the* Iran-Japan Chemical Company in which a half share is held by Mitsui, Toyo Soda, and Japan *Synthetic Rubber. The project* is being carried out—contracts awarded earlier this year to Toyo Engineering, Mitsui Shipbuilding and Engineering, Chiyoda Chemical Engineering and Construction, Hitachi Shipbuilding and Engineering and Ishikawajima-Harima Heavy Industries. Well under way is the \$60m., project designed to produce intermediates for plastic in which Nissho Iwai and Mitsubishi have a 50 per cent. share. A further \$90m.-plus expansion is being contemplated. At the same time Ishikawajima-Harima Heavy Industries and Hitachi Shipbuilding and Engineering are building VLCCs for the National Iranian Tanker Company. The Iranians have ear-marked the expansion and improvement of the country's railway system in the south for the Japanese. Members of the consortium formed to carry out the project are Ohbayashi-Gumi, Tobishima Construction, Fudo Construction Company, Mitsubishi and Iran-Japan Engineering and Construction.

With imports approaching *\$700m. last year, Saudi Arabia* constituted Japan's second largest market in the region. There should be a steady expansion *of sales in the context* of the agreement on economic and technical collaboration signed in March of this year under which the Kingdom intends to purchase Japanese advanced technology. Specifically, the accord calls for collaboration in the fields of petrochemicals and agriculture. In the former sector Mitsubishi is one of seven partners chosen for joint-venture projects and will be responsible for an ethylene plant producing at the rate of 500,000 tons a year and may be involved in an investment of \$3bn. or more. The company is also in the running to build an oil refinery in the Eastern province. The Japanese also have a stake on Saudi plans for steel through Nippon Kokan and Nippon Steel's 25 per cent. *holding in the group led by* Marcona of the U.S. which is entering into a joint venture with Petromin to be located at Juball. *Last year these were* two of eight Japanese companies which won a \$150m. contract to supply 220,000 tons of steel pipes for the Arabian American Oil Company.

In the private sector Sumitomo Metal and Sumitomo Shoji have joined forces with the Alireza group to form Chiyoda Petrostar which plans to undertake the construction, management, operation and maintenance of petroleum, petrochemical, *mining* and power generation plant.

Agreement

Particularly rapid expansion of sales to Iraq, to which 1974 *exports amounted to \$470m.*, could be seen as a reflection of the long-term agreement on economic and technological collaboration signed in August of last year. Under it Japan lent Iraq \$1bn. to help with the implementation of a number of development projects and all the indications are that its involvement will be heavier in this country than in Saudi Arabia. Mitsubishi is constructing the \$570m. chemical fertiliser plant at Khor al Zubair. Plans for the \$2.4bn. petrochemical complex to be built at the same place have been submitted by a consortium of seven companies including Ishikawajima-Harima Heavy Industries and Chiyoda. They have also been negotiating a \$1bn. LPG project together with Nippon Kokan and Mitsubishi which have the \$90m. contract for the steel pipeline from South Rumaila to Khor al Zubair. Kobe Steel is providing technical assistance and plant for an integrated steel mill and related rolling facilities while Penta-Ocean Construction is working on port improvements at Umm Qasr and Maaqal.

The same company and Tokyo Boeki are constructing a steel *plant for Qatar, with a capacity* of 300,000 tons a year, in which they will have a 30 per cent. they will have a 30 per cent. stake. In the United Arab Emirates, Mitsui and Bridgestone are participants in the Abu Dhabi Gas Liquefaction Company *set up to own and run* the \$1.5bn.-plus LPG plant on Das Island whose sole customer under a 20-year contract will be the Tokyo Electric Power Company. Other Japanese interests have a 49 per cent. in the Liquefied Gas Shipping Company which will be responsible for transportation. Mitsubishi and the Abu Dhabi Japan Oil Company have submitted proposals for using on-shore gas to fir a uliminium complex and steel plant. More recently C. Itoh have submitted proposals for LNG exploitation in land. In partnership with Sunningdale Oils, the same company is constructing the export-orientated LPG plant in Dubai. Ishikawajima - Harima Heavy Industries are responsible for cement plants in Abu Dhabi and Ras al Khaimah.

Japanese interest in Algeria has become particularly marked recently. Nippon Koei has formed a joint venture with SNS, the Algerian State steel corporation to exploit the country's iron-ore reserves. *Hitachi, Hitachi Shipbuilding* and Engineering, and C. Itoh are expanding Algeria's existing steel capacity, while Kawasaki Heavy Industries are carrying out a \$90m. contract to build a cement plant. C. Itoh and the Japanese Gasolene Company are converting and extending the bitumen units at the Arzew Refinery. Under a protocol agreement signed in the summer Mitsubishi and Nippon Electric Company will set up a telecommunications system based on a satellite station at Lakhdaria. Toyota Motor Company was awarded the turnkey project to build a plant to produce Landcruisers.

Inevitably, Japanese companies have also focussed their attention on Egypt which expects to be the recipient of a large volume of Arab oil funds. The Penta-Ocean Construction Company was awarded the contract last year for the widening and deepening of the southern part of the Suez Canal and other Japanese concerns are expected to tender for subsequent phases of the operation. The Tasei Construction Company has been seriously negotiating a hotel construction programme. Artificial fibres, textiles and motor manufacturing have been other areas of investment and technological collaboration under discussion.

Even given the quality of their technology and the attraction of their consumer goods, the Japanese have had to work *harder for their successes than* anyone. The fact is that on a personal and cultural level they find it difficult to understand and deal with the Arabs, although they appear to find it easier to achieve a degree of rapport with the more devious Persians. It says much for their compelling corporate discipline and drive that they have made such big in-roads into the heavier, developmental side of the Middle East market which is what really counts now.

Richard Johns

Latin America

Latin America accounts for some 25 per cent. of all Japanese overseas investment and this share is growing strongly. From a position of strength in Brazil, new growth areas are Venezuela, Ecuador and Mexico.

LATIN AMERICA is now the scene of Japan's most intensive overseas investment activities. It accounts for a least 25 per cent. of Japan's total foreign investment and this share is growing annually. Strong in Brazil, Japan is diversifying more and more into new territories, especially Venezuela, Ecuador, Peru and Mexico.

It has taken only about five years for Japan to overtake Britain's investment in Brazil during the past 50 years and there are well over 150 Japanese groups established in a larger number of subsidiary and joint venture businesses in every branch of commerce and industry. Because of Brazil's valuable and growing domestic market, the pattern of Japanese investment there differs from that in other regions. In addition to the participation in schemes to ensure supplies of raw materials for Japan itself, Japanese money and management expertise are helping Brazil to supply its own market with cement, telecommunication equipment, ships, cotton and woollen goods, automobile parts, diesel engines, petrochemicals and colour TV sets.

At the same time, there are outstanding examples in Brazil of the classical function of the giant Japanese international trading companies. These companies always bear two simple objectives in mind when putting together even the most complex multi-market, multiproduct project. They aim primarliy at creating materials and goods that they can channel into their buying and selling networks and they safeguard, far into the future, the vital supplies of raw materials that Japanese industry requires for survival and expansion.

Japanese international companies are unusual in that they measure their success year by year not by profit per transaction but by the growth of their turnover and the increased volume of goods being handled around the world. The assumption is that if trade is generated, then a huge trading concern must eventually profit.

Minority

This approach is especially welcome in Latin America. It means that Japanese companies are more content than their European or American competitors to take on investment projects that cannot promise profits until the disant future. They are also more content to engage in joint ventures with a minority holding.

In Venezuela, for example, a new company, Venalum, has been set up as a partnership in which CVG (the autonomous development agency for the Guayana province) has 80 per cent., while five Japanese companies, Showa Denko, Marubeni, Kobe Steel, Mitsubishi and Sumitomo, share 20 per cent. Venalum is scheduled to be producing 300,000 tons of aluminium per annum from 1978 onwards, all of which is destined to be imported into Japan.

Japan has forecast a shortage of pulp and paper supplies for its printing and packaging industries by the *mid-1980s*. The trading company C. Itoh has accordingly formed a joint venture with Cia Valle de Rio Doce in Brazil to develop *thousands* of square miles of new eucalyptus plantations, which can be reduced in about seven years to wood chips. It is also planned to construct a pulp mill on the estates to convert some of the timber. At the Japanese end, the trading company has helped to form a consortium of 14 Japanese paper mills to purchase the whole of the wood chip and pulp output.

A trading company can provide finance in advance to enable small farmers in Latin America to plant cotton or rear silkworms, as in Paraguay, on a large scale, guaranteeing to purchase all the resulting fibre. This is shipped by the same company to Japanese spinning and weaving mills. The cloth is bought back and then sold to garment makers, and the garments are then purchased and sold on the Japanese or export markets. The trading company can afford to make a loss on the growing and rearing in order to profit from the sequence of later transactions.

Latin American and Japanese needs dovetail, therefore, very efficiently. Latin America can offer oil, minerals, metals, labour and agricultural produce in return for technical know-how, capital equipment, management skills, finance and, very importantly, foreign market outlets. The immense global spread of Japanese international companies makes it possible for them to guarantee rewards and capital.

Panama is bristling with Japanese companies that are using bonded warehouse facilities in the free port. Subsidiary companies are used there to re-invoice imports and exports for operations throughout Central and South America. Panama is also a convenient spot for raising capital. Earlier this year, Mitsubishi set a new pattern for the Japanese international companies when its Panama subsidiary raised a loan of \$64m., managed by Chase Manhattan in the U.S. and Lloyds Bank International in London. As many as 34 banks contributed to the syndicated loan, which was guaranteed, not by the Tokyo headquarters of Mitsubishi, but by Mitsubishi International Corporation of New York.

The loan was required to finance shipments of steel to the Argentinian State gas corporation for the construction of a pipeline to carry natural gas *from Patagonia to the maj* Argentinian cities.

To integrate itself closely in Japanese investment activity *South America, Lloyds Ba* International posted an exec tive to Tokyo for two years learn fluent Japanese and study the international co panies' methods of doing bu ness. He was then stationed Sao Paulo. This move is *measure of the Japanese co panies'* failure to become tr multi-national. Second-gene tion, Brazilian-born Japane who *speak* fluent Portugue are to be found in Japan companies in Brazil, but e these people are rarely m than *liaison officers*, while real management power is the hands of Japanese who not speak the local language; who, with computerised te systems and frequent perso return visits to Tokyo, under the sway of parent gr

There are over 500,000 Ni or Japanese Brazilians, mai in the states of Sao Pa and Paraná, but they are least integrated of all Brazi immigration waves.

History

The Japanese, however, h not yet created a resentm against themselves in L America, of course, with r of the history of colonial rep sion that is remembered in A Latin America was not invo in the Pacific War.

Furthermore, investm from Japan are a welc relief, in the eyes of the populations, from U.S. in ments. The Americans are "ugly" and, in compari Japanese faces are still ap ing. Many Latin American c tries are still dependent on U.S. for as much as 70 per c of their foreign trade and are keen to diversify to o nations.

In contrast to the N Americans, the Japanese h an incredibly low profile, *attempting to impress the* l population with either t wealth or their charity. T keep to their own clubs *restaurants* and are, throug the continent, regarded as best people to have as ten of rented accommodation. *same Japanese* who might with arrogance towards A is humble to other foreig and treats all Latin Ameri with great respect.

It is also relevant that Br the largest country on southern continent and the *making the most progress,* itself as the equivalent econ miracle to Japan itself admires Japanese methods is *far from a coincidence* Brazil has recently license Brazilian companies to ac multi-product international ing organisations, each more than 20m. cruzeiros r mum capital. Imitation is sincerest form of flattery.

Sydney Paul

JAPANESE INTERNATIONAL COMPANIES V

So important and thrusting have the Japanese become in South East Asia that they have earned the label "the ugly Japanese". Since the riots against visiting Premier Tanaka in Bangkok and Jakarta, they have tried to improve on this unpopular image.

South East Asia

WHOEVER YOU are, whatever you do, wherever you are in South East Asia, it is impossible to escape the Japanese: In the airports their tourists mill about in flocks most often looking like lost sheep; on the roads into town their buses, cars and *loud Hondas and Yamaha and* Suzuki mopeds are the cause of many a diversion; in city centres their advertisements flash out the message that South East Asia, once proudly ruled by the British or the French or the Dutch is firmly within the Japanese orbit to-day.

So important have the Japanese become in South East Asia and so thrusting their presence that they have won a reputation as the "ugly Japanese."

There can be no doubt of the growing importance of Japan to South East Asia, especially of Tokyo's major banks and trading and business houses. Trade *is important and growing: South* East Asia's dependence is such that more than a third of its exports go to Japan and more than a third of its imports come from Japan; the percentages of trade with the U.S., for example, are much smaller, a quarter for South East Asia's exports and a fifth for its imports. Japan is in a much freer position and exports more to the U.S. than to the whole of Asia, a reversal of the position in 1955; Japan also imports more from the developed countries than from the underdeveloped ones and the U.S. supplies about twice as much of Japan's imports as South East Asia.

Investment

Japanese private investment in South East Asia has also grown rapidly, especially since the mid-1960s. The pattern of Japanese investment in Asia differs markedly from investment elsewhere and there is a predominance of manufacturing projects. According to official *figures, at the end of the 1971* fiscal year (March 1972) more than 57 per cent. by value of Japanese investment in Asia went to manufacturing or construction projects.

There is no doubt that the Japanese have moved in a big way into South East Asia, but many of them are puzzled about why they *should have such* a bad name. One Japanese, Professor Ryokichi Hironi of Seikei University, Tokyo, gave some comparative figures last year: in Indonesia Japan accounts for 17 per cent. of total foreign investment against 34 per cent. by the U.S.; in Malaysia Japan's share is 11 per cent.; *in the Philippines* Japan provides 24 per cent. of foreign investment, the U.S. 52 per cent.; in Singapore Japan has 5 per cent., the U.S. 44 per cent.; only in Thailand, Japan 33 per cent., the U.S. 18 per cent., is Japan's share of foreign investment greater than America's.

At a conference organised by the Institute of South East Asian Studies in Singapore last *year another Japanese profes*sor of economics, Mr. Kunio Yoshihara, provided at least the start of the answer to Japanese unpopularity. He said "basically Japanese investment has served to strengthen the existing pattern of Japan's trade with South East Asia, viz its exports of industrial goods and its imports of raw materials from the region. Investments which took the form of loans (indirect investment) were either to promote Japanese exports or to secure the steady supply of raw materials. Japanese direct investment is generally resource oriented or in import substitution industries. The resource oriented type of direct investment has essentially the same role as indirect investment—to increase output and the export of minerals to Japan.

"The import substitution type of direct investment is a means of getting round import barriers in the host countries, thus helping to preserve those markets for Japanese products."

Professor Yoshihara also pointed out that *the newest type* of Japanese direct investment, in export oriented industry, such as has recently been undertaken in Singapore notably, was mainly inspired because production costs, land prices, and pollution problems had increased in Japan.

Whether Japan is any more guilty of protecting and pushing its own interests against those of the host country, judged in comparison with other international investors, may be doubted. Nevertheless, the Japanese in South East Asia do appear to have attracted particular disfavour.

Among the welter of major complaints, South East Asians have claimed: That the Japanese have run their businesses from Tokyo in the interests of the Tokyo parent, with little delegation to local managers and often against the interests of South East Asia; that there is tight Japanese interlock with the biggest Japanese businesses carving up the market between them to ensure that competition is not too strong, and then insisting on getting Japanese imports for their businesses using Japanese shipping and insurance; That Japanese investment with its great resources has often killed off local private enterprise, for example, in textiles; That the Japanese have *exploited loopholes and* have made use of corrupt or greedy politicians and civil servants to enhance their control, often in the interests of a small elite and against those of the masses of the country.

Less involved observers may question whether it is fair to single out Japanese investors for being particularly self-interested. After all the British from at least the time of Clive *in India attracted criticism for* plundering the economies of Asia and Africa, and the "ugly" tag was first applied to the Americans. Some commentators suggest that the Japanese are merely more vulnerable to criticism because they are yellowskinned like many South East Asians, but with the behaviour patterns and practices of the typical rich white foreign businessman. Alternatively, it may be that many South East Asians are still sensitive to the Japanese excesses of World War II and react in a more prickly way than they would for example to the behaviour of the Americans or British.

Clannish

Local extreme sensitivity does go some way towards explaining the Japanese reputation—but not the whole way and the Japanese themselves must take a good deal of the blame. They have shown themselves to be clannish and with a first regard *for themselves; they have put* on the united front of "Japan Incorporated" in which Government is at least a sleeping partner. As one Hong Kong banker told me: "When the Japanese have come out of their huddle and decided on a particular policy they just plough on determined to get their way. Can you be surprised how the local people react to this 'snow job'?" The Japanese hardly ever attempted to sugar their words or actions. Moreover, much more than the British or Americans the Japanese have tended to refer decisions back to the Tokyo head office rather than leave minor matters to local, if Japanese, initiative.

In addition, the Japanese, again much more so than the British or American foreign companies in South East Asia, have tried to bend the rules their way. Even the Americans, for example, have been governed by a sense of fair play and when governments have *tightened the rules governing* foreign investment have argued bitterly and often blackmailed and threatened to take out their money, but have abided by the new rules. With the Japanese there are many more question marks. I remember being told by a Japanese businessman in Bangkok shortly after the Tanaka demonstrations had led *to stiffening of regulations:* "No, we are not too worried by the rules about local partners and think we can find men who will be happy to have a Japanese friend to run his business and make money for him." In Indonesia last year I heard stories of local businessmen nominally controlling companies who complained that they were not allowed in the main offices.

For the moment all the issues are dormant. Japanese companies guided by their Government after the lessons of last year's anti-Tanaka riots in Bangkok and Jakarta are striving to adopt a lower profile and pay more regard to local wishes. But perhaps a more important *factor is that with the lack of* growth in Japan there is not so much money to invest and more energies are being directed towards trying to ensure a large slice of the reconstruction cake in Indochina. The test will come when the world and Japanese economies pick up again. With the British no longer having much energy or money or time for areas outside the European mainland, with the U.S. still smarting from its Indochina defeat, it will be interesting to watch the behaviour of even more exposed Japanese companies in South East Asia.

Kevin Rafferty
Asia Correspondent

Investor

CONTINUED FROM PAGE 1

more heavily capitalised than its Tokyo parent. The same companies have begun the delicate move towards employing foreigners in responsible overseas management positions. The language ability which is required from trading company employees and the long *tradition (by Japanese standards)* of overseas operation has made it relatively easy for the trading companies to decentralise.

The top three trading companies now have over 100 overseas offices apiece and, for each of the top five, non-Japanese employees outnumber Japanese by a ratio of nearly three to one. The claim of the trading companies to be forerunners of the Japanese multinational has another basis—*the fact* that all of them are branching out into offshore international trade between countries other than Japan. But if the trading companies are leading the way they still do not match the internationalism of a handful of leading European trading concerns. For the rest of Japanese industry all forms of overseas activity remain firmly subordinated to the interests and control of the home office.

Integration

Japan's overseas presence will continue to grow during the next decade, whether or not the problems of decentralisation and local integration are solved successfully. If they are not solved, however, there will be more frictions like those which ruined Mr. Tanaka's South-East Asian tour. The Japanese have got used to the idea that they are not very popular in South-East Asia, but are perhaps a little too prone to assume that they are unconditionally welcome in other parts of the world, such as Latin America or Africa, where they start out with the advantage of not being a former imperialist power. The truth is that Japan still has to clarify its relationship with the whole of the developing world and with some parts of the developed world, including Europe, where Japanese products are well known but Japanese business methods remain unfamiliar.

There is some evidence that the Japanese system of labour relations, with its heavy stress of job security and a paternalistic treatment of employees can be successfully reproduced in countries which are accustomed to a very different style of labour relations. Japanese management methods, on the other hand, with their emphasis on "togetherness" and the gradual achievement of consensus seem less suited for transplanting. Japan still has to develop the attitudes and skills which will enable the rest of the world to accept and absorb the growing presence of Japanese business.

JAPANESE INTERNATIONAL COMPANIES VI

As a logical progression in its overseas trade activities Japan is becoming increasingly involved in third-country deals. These operations provide fresh scope for the undoubted skills of its aggressive export sector.

Third countries

AFTER 30 YEARS of more or less steady and often extraordinary economic growth based largely upon expansion of their international trade, the Japanese to-day are among the world's most active in pursuing third-country business. Undoubtedly recent Japanese success in this area means that the volume of third-country transactions, especially those involving Japan's massive trading houses, will continue to increase throughout this decade and well beyond.

Indeed, two recent cases can be cited to illustrate the type of *such business operations that* are becoming common and which do not directly relate to Japan:

● Marubeni American Corporation, a subsidiary of Marubeni Corporation, this summer sold three X-ray energy spectrometres manufactured by Kevex of California, a maker of X-ray analytical equipment, to the Soviet Machinery Export and Import Corporation in Moscow through the Marubeni Corporation's offices in the Russian capital. Although the amount of money involved ($120,000) was not really significant, Marubeni executives in the U.S. expect to sell the Soviet Union large volumes of American analytical equipment of a highly sophisticated nature in the future.

● Mitsui and Co., which has a contract to build a huge ethylene plant in Poland, has arranged for the Poles to import through their firm $2.5m. of large steam turbines manufactured by an American company. It is interesting to note that in both cases, regardless of the amount of funds involved, the concerns handling the deals are big trading corporations.

Japan's leading trading corporations (*sogo shosha*) claim their interest in business between third countries has been stimulated in recent years by their own nation's prolonged economic recession and the Miki Administration's relatively tight restrictions on financing. Many of the major trading houses have stepped up their operations abroad with third-country business specifically *in mind*.

This has led to appointments of top-level executives to overseas branches and subsidiaries which, in turn, has allowed them much more freedom in triangular trading activities. Not only has the scope of such operations been considerably increased in the past few years, but also the extent of commodities handled and even regional financing have expanded to an unprecedented degree.

Whatever the future holds for this development, it clearly is going to be a very important part of Japan's economy. Already it has resulted in the amount of third-nation trade handled by the country's 10 biggest trading houses increasing from a mere 5 per cent. in 1971 to a full 10 per cent. at the present time.

Currently, according to Government statistics, these same major traders' business consists of 48.5 per cent. domestic operations, 21.9 per cent. exports and 21.6 per cent. imports.

Another effect which doubtless will continue is the insistence of management in the parent corporation that the overseas operations pay their own way. Some of the subsidiaries abroad, for example, are capitalised at levels exceeding that of the parent company. Others even now are being held responsible for providing as much as 15 to 20 per cent. of the company's overall profits.

And with Japan's trading houses worried about the likelihood that the domestic economy will no longer be in a position to expand at yearly rates topping 10 per cent., a growing number *of executive board rooms are* looking to their operations abroad to do even more than merely take up the slack.

It was only a matter of months ago that the big Japanese trading companies achieved their largest profits by doing business on the domestic market. Obviously this situation depended upon extremely fast annual increases in economic growth at home, a situation that is no longer to be expected.

In every Japanese trading corporation of any size it is now clearly understood that such enterprises cannot expand in the future if they depend solely upon operations on the domestic market. Many prominent executives take this realisation a step further: a prerequisite for stabilised company management is steady growth of overseas operations—with emphasis upon third-country transactions.

Under the ambitious "world strategy" of Japan's largest trading companies, it is expected that hundreds of new branches and subsidiaries will be opened around the globe in the next five years. Since it will prove impossible to greatly boost the numbers of Japanese staff members, this will mean considerable increases in employment of local executives.

Bureaucrats

Even so, the Japanese have a long way to go in meeting their goal of at least $10bn. per year in third-country trade. Authori*ties of the Ministry of International* Trade and Industry (MITI), a group of powerful bureaucrats who strongly encourage intermediary trading, claim that such business totalled no more than $5bn. in value in 1972, accounting for approximately 10 per cent. of Japan's trade that year.

MITI believes third-nation trading increases invisible trade income while at the same time *assisting the developing* countries in their drives to accumulate foreign exchange. This, in turn, then permits the poorer States to purchase Japanese manufactured products.

According to MITI statistics, products which Japanese firms tend to purchase *in one country* and then sell to a third range from light and heavy machinery, electrical appliances, textiles and sundries, to soyabeans and cereals as well as other agricultural goods.

Commented one top-ranking executive of a major Tokyo trading corporation: "Such operations assist the developing countries and even the industrialised States with a *lack of* strong trading systems. Nonetheless, we wouldn't be in a position to do the job if it were not for our extensive operations and our information networks which tend to tell us who *wants* what, where and when."

Although his statement, as far as it goes, is accurate, he failed to mention another ingredient—financing. Recent trends toward *handling of such* international commodities as petroleum, rubber, sugar, wool, cotton and chemicals have required the large Japanese trading houses to turn to overseas bankers for necessary funding.

Japanese trading corporations which now routinely engage in large-scale business with third countries are discovering the need for stepped up fund raising abroad and increased use of offshore financing through their traditional and often not-so-traditional banking sources.

Despite the tendency of the Japanese trading companies to turn to their own *allied* banks either at home or through branches abroad, the expandingly ambitious operations overseas—coming at a time when tight controls on financing are only beginning to be gradually relaxed—have forced them to look elsewhere.

Underscoring this development, the trading houses currently are floating foreign bonds, selling commercial paper abroad and making considerable use of non-Japanese fund channels. This latter source, of course, is important for the financing of third-country trade and becoming more so month by month.

As can be imagined, the powerful subsidiaries of the trading firms in those countries where the funds are to be found play a key role. In many cases, it has been found, such a situation is imperative to the problem. This is especially true where petrodollars currently are playing an important part.

Although most major Japanese banks are providing *financing* to the trading houses in their third-country trade often through their branches abroad, they are missing out on much of the business.

Whatever the attitude of Japan's own banking institutions, however, the expected upturn in the world's economy next year should allow their overseas branches to obtain a massive piece of the financing action. In the opinion of the finance departments of Japan's big traders, third-nation business will expand so much in the years to come that there will be more than sufficient opportunities for every banker *interested in the business*.

A. E. Culliso

The big Japanese trading groups are reckoned to have some of the most sophisticated information networks in the world. Headquarters are in round-the-clock contact with overseas offshoots.

Information network

HAND-IN-HAND with the growth of overseas and third-country business, Japan's giant trading companies have *developed some of the most* ambitious and comprehensive information systems operated anywhere in the world. Most of the major companies now have their own telex lines providing a 24-hour link between their head offices and their 100 or more overseas branches. Mitsui's system, which was completed a few years ago, provides instant communications access to 140 overseas branches and affiliates and links up, in the Tokyo head office, with a computer information storage system. Marubeni Corporation, the number three trading company, has developed its own on-line telex system providing unlimited access to its overseas branch network which will come into full operation from next summer. Other trading companies with global *information networks include* Mitsubishi Corporation, Sumitomo Shoji Kaisha and Nissho-Iwai Company. For most of these companies the main technical problem in the communications field is how to make full use of the sophis*ticated and costly equipment* installed in the last few years and in particular how to get full value from computer information storage systems.

Reputed

The involvement of trading companies (and the giant groups to which they belong) in information gathering is no novelty. The *Zaibatsu* predecessors of Tokyo's big groups are reputed to have played their part in gathering information for Japan's military rulers before the war. To-day major groups like Mitsui and Mitsubishi probably excel most American multinationals in the scope of the information gathering activities. The trading company network is also admitted to be superior to that *of the Japanese Government* or to that of JETRO (the Japan External Trade Organisation). The Government has at times been obliged to seek help from one or other of the major trading firms in handling an urgent or tricky communica*tions problem. An example* was the case of the 1973 hijacking of a Japanese aircraft in Libya when the Ministry of Foreign Affairs used the private telex systems of Mitsui and Marubeni.

The technical capacity of trading company information networks is not always matched by the human factor, particularly where language ability is concerned. Mitsubishi Corporation, for example, admits that language problems are one reason why the number of executives needed to perform overseas business assignments is often considerably higher in the case of a Japanese trading firm than with the average Western company. In order to overcome the language barrier trading companies are now emphasising the acquisition of overseas experience at an early stage in an executive's career. Mitsubishi Corporation sends all its n graduate employees abroad f two years soon after they a hired and most employees w get a *second overseas posti* three years after they retu from the first assignment.

The major trading compan expect their graduate employ to handle business conver tions in English with ease a go to some lengths to see th they get the necessary traini Mitsui employees assigned overseas posts have to pass company English examinati before going abroad and w usually spend the first thr months of their foreign posti in a local language scho Apart from language as su trading company manag agree that lack of social "kno how" handicaps Japanese bu nessmen outside their o country. The younger gene tion of trading company exe tives, however, is said to better at adapting to lo customs than their seniors.

Trading companies have

CONTINUED ON NEXT PAGE

JAPANESE INTERNATIONAL COMPANIES VII

The yen

Despite its very considerable export trade and growing overseas investment Japan still does not fully commit its national currency to international exchanges. There are some signs, however, of growing interest in greater liberalisation.

NE BY ONE little trial lloons are being sent up by nkers and by Government ficials to see whether the mestic currency, namely, the n, might not be further eralised for external transtions, notably for trade nance. Liberalisation of the n has been a perennial topic nce the late 1950s, when it st became apparent that pan was going to make the n "convertible" (like ropean currencies). But it as not until the closing of the ld window in August, 1971 the "Nixon shock" as the panese call it—that use of e yen for trade finance was barked upon on any scale.

Until then the effective nonnvertibility of the yen (or a ry partial convertibility at st) was enforced, especially times of stress, by controls posed on the "free yen counts" established after 60; and this had helped to sure that the use of the yen erseas was limited. And still day only 15 per cent. of ports and a negligible prortion of imports are financed yen. The latest trial lloons, however, suggest that er a period of years these ures are going to be a good al higher.

In August a senior Finance nistry official writing in Money and Finance," a panese language periodical, edicted that "a yen market r trade finance may be opened Japan in the future." Mr. asao Fujioka, who is head of e International Finance reau in the Ministry, argued *his article, by way of a pre*ninary to this one substantive int, that there was little pan could hope to do about e monetary disorders of the y. The efforts of the U.S. and ance to come to agreement monetary matters were inpendent of anything Japan ght do; there was a good deal instability.

The Finance Ministry is parularly concerned about petrollars. Since the rise in oil ices Japanese borrowing in e Euromarkets and from nerica *has increased to the* cord total of $30bn., of which o-thirds comes from the Eurorkets and one-third direct m the U.S. At one point in e summer of 1974, however, pan appeared to have reached the absolute limit of its borrowing in international markets—this was just after the Herstatt collapse and the "Japan rate" *in the Euromarkets was at a* record level too—and the country still needed some $4bn. This was raised, not without difficulty, by borrowing directly in the Middle East; Mr. Fujioka *himself* is credited with having lifted $1bn. on a swift trip to Saudi Arabia. An embarrassing situation.

	EXPORTS (million Australian dollars)				
	1971	1972	1973	1974	1980
Japan	1,188	1,360	1,932	2,143	4,715
U.S.	521	615	759	750	1,575
U.K.	490	449	603	457	630
Total	4,375	4,896	6,214	6,906	12,845
	IMPORTS				
Japan	574	629	739	1,085	3,944
U.S.	1,042	873	860	1,348	2,188
U.K.	887	836	768	846	273
Total	4,150	4,008	4,121	6,084	10,528

Rigidity

As Mr. Fujioka describes the official attitude to the incident. "Things are fairly quiet now. But we must not forget the fix we got ourselves into, nor must *we ever repeat such a mess.*" One way, according to him, of ensuring that sudden visits to Riyadh be not called for again, would be to cut back on dollar finance of foreign trade, gradually, and to substitute the yen; thus the $30bn. monster—Japan's reserves stand at less than half that figure which is probably understated anyway—*might be tamed.* A *prime* requirement, however, is that domestic interest rates fall to international levels; and such is the rigidity of the Japanese capital market that change cannot be anticipated in the near future.

The same topic was taken up by a Bank of Tokyo official, a former head of the Research Department of the bank, in an article contributed to an English-language newspaper in September. Writing in the Mainichi Daily News of September 30 Mr. Ichiro Takeuchi addressed himself directly to the topic of lower domestic interest rates: "As long as an advance is made in a direction that permits interest rates to fluctuate freely there will be a dimming of the need to restrict free yen accounts and to obstruct the inflow and outflow of capital."

Mr. Takeuchi's case is this: Japan is very much the seat of "financial protectionism" but the "general trend" should be towards liberalisation; meanwhile the long-term growth rate is falling here and this means that the pressures on the domestic capital market should change in character. "When the economy enters a period of *lower stabilised growth, an arti*ficial low interest policy giving priority to industries will not only cease to be necessary but will even hinder the operation of the economy."

The point is that at long last the established policy of treating industry as the prime target of growth should be abandoned; in future there should be *two principal financing requirements*: "In the factors leading to economic growth emphasis will be shifted from private plant and equipment investment to public investment. This will result in shifting the emphasis of the financial policy from industrial financing to the assurance of public funds."

Thus it will become necessary, in this Bank of Tokyo man's view, to "entrust the distribution of capital to the adjustment by the free movement of interest rates in the market"; for *a long time, it may be noted,* the capital market in Japan has really been frozen with the authorities—directly, the Bank of Japan—dictating interest rates to the banks and, indeed, allowing them to fluctuate little. In future, if Mr. Takeuchi is right, there will be something closer to the American or British degree of capital market freedom, making trade finance, among other things, feasible at last.

A question raised by Mr. Takeuchi, meanwhile, is whether Japan might not succeed in creating some kind of "yen bloc." An obvious candidate for inclusion in such a currency area would be Australia; in this connection the Bank of Tokyo Research Department has produced a provocative study of the internationalisation of the yen the main point of which is indeed that Australia *should be economically incor*porated within Japan—much as the Japanese feel themselves to be incorporated in the U.S. at present given their overwhelming dependence on the dollar (and on America at large in both economic and military terms). This research study was completed early in 1975 and includes the trade projections for exports and imports indicated in the accompanying table.

Australia

A prime assumption here is the lack of dynamism of British exporters, *effectively leading to* a reduction in their share of the Australian import market from 13.9 per cent. still in 1974 to just 2.7 per cent. six years later. But a further, more significant notion *is that Australia will in*creasingly fall within the Japan trade—and currency—orbit.

How likely is this? Very likely, one would say, but the deeper underlying assumption — that the world will divide up into trading and currency blocs one of which will be a yen bloc — may be questioned. The first notion could prove *justified; following the break*down of the Bretton Woods system, in the Japanese view at least, there is a danger of increasing instability and protectionism, which would be part and parcel of a fragmenting of the "Free World" into smaller alliances.

On the other hand (this is the official view, certainly that of the Bank of Japan and to only a slightly lesser degree the Finance Ministry) Japan is very likely to stay under the wing of the dollar. In his article Mr. Takeuchi questions whether "to dislike assuming burdens and to continue dependence on the dollar is (not) akin to a child who, upon reaching maturity and independence, continues to sponge on his parents." But he does not seem to appreciate that *Japan remains, not least in military terms,* quite dependent on the U.S. — and the yen-dollar relationship is thus to a great extent a reflection of political reality.

Or should one regard the trial balloons of to-day as intended for the 1980s? Possibly this is the right context. In other words use of the yen in inter*national transactions* might not be expected to develop too rapidly in the near future; free yen accounts will not grow all that quickly either (though there has been a bump up this year); nor will the Tokyo foreign exchange market be permitted to expand (or become a real market) in the near future. The Japanese, like the French, have a *tradition of* Treasury control, which is not going to be surrendered overnight—for all that the long-term trend appears at present to be in favour of liberalisation by slow degrees.

Henry Scott Stokes

Network

CONTINUED FROM PREVIOUS PAGE

e rest of Japanese industry nd the Government) intting down roots in the ddle East, although like er companies they are at a s how to react to the disrupn of Beirut as the region's in business centre. Unlike e Japanese foreign Ministry, ich boasts only a handful of ent Arabic speakers, trading npany staff have been study at Middle East universities the past ten years or so and w represent a valuable ervoir of language expertise.

As one part of their strategy expanding and strengthen overseas operations the jor trading firms have rently upgraded the status of ne of their overseas offices. w regional administrative ces have been set up in key ntres such as New York or ndon and senior executives ve been appointed to head em. Mitsubishi Corporation ently despatched one of its e-presidents to assume the esidency of Mitsubishi Corration U.S.A. and appointed o managing directors as heads of its European and Latin American regional offices (in Brussels and Sao Paulo). Mitsui appointed a vice-president to Mitsui Company U.S.A. last May and upgraded a managing director stationed in London as president of Mitsui and Company Europe to the status of vice-president of the home office.

Dependence

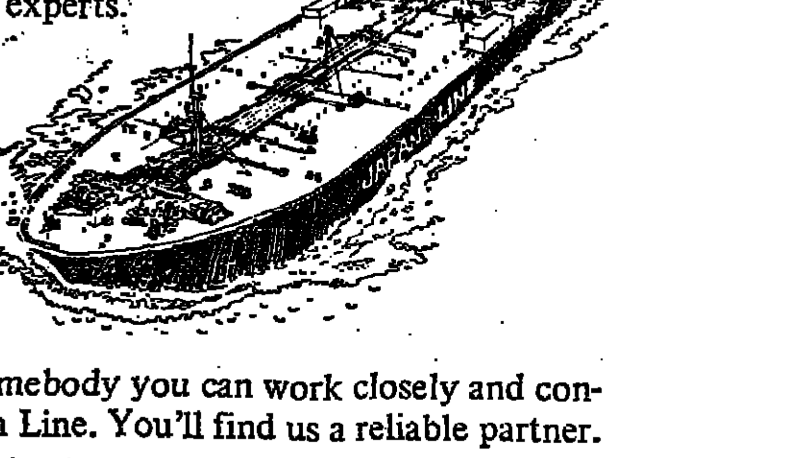
The purpose of such moves is to reduce the dependence of overseas regional headquarters upon the home office, to strengthen the company's capacity for *fund-raising in overseas capital* markets and to provide a stronger base for undertaking third country business. The last two functions are placing increasing demands on the trading companies' store of financial and commodity market expertise. Mitsubishi now employs 70 specialists on overseas capital markets. In the field of commodities some companies are opening branch offices at the main auction centres for key products. They are also steadily accumulating their store of knowledge on the political, economic, weather, and population factors governing commodity prices.

A recent form of information gathering is the "overseas *machinery information centre.*" Such centres have now been established by Mitsui and Co., Mitsubishi Corporation and C. Itoh in Europe and the U.S., with the purpose of compiling information on the availability of foreign machinery including prices, specification, delivery dates and delivery reliability. The aim of such centres is to *assist Japanese companies* competing for international plant or construction contracts to obtain equipment from the cheapest or most convenient sources, which may nowadays not necessarily be Japanese.

Trading companies are themselves ambitious promoters and co-ordinators of overseas projects often initiating such projects after discussion with foreign governments and "then providing the information back-up needed to secure contracts for their client companies." Trading company staff abroad *may work for years on major* overseas projects without getting a chance to see them through to the stage of final implementation. In the course of such work trading companies accumulate data on the political, economic financial situation of countries in which their client companies are seeking business as well as on more *specialised subjects such as the* labour market.

The weakness of the system is that such information tends to become the property of the *department within a trading* company handling the project concerned instead of being made available for general use by all sections of the company. Trading companies are attempting to centralise their information systems so as to overcome the drawback of excessive compartmentalisation. Mitsubishi Corporation, for example, recently took a step in this direction with the establishment of a centralised information filing system called "project information team." The success of the *Mitsubishi project and others* like it in co-ordinating the trading companies' vast stores of information will help to determine their future success in launching and carrying through overseas projects.

Yoko Shibata



JAPANESE INTERNATIONAL COMPANIES VII

Foreign companies have achieved little in the way of establishing a physical presence in the Japanese economy. This is partly because land is scarce and labour expensive, but more importantly because the way to direct investment is strewn with obstacles, bureaucratic, legal and institutional. Progress towards liberalisation.

Foreigners' stake

IF IT IS broadly true that Japanese companies have been slow to move outside their own country it is also true that foreign companies have not established a big physical *presence in Japan. The reason* for this, however, is not so much reluctance or lack of interest among foreign companies in gaining a stake in what is now one of the world's largest markets as the sheer difficulty of setting up shop (or factory) in Japan.

From the end of the post-war occupation period until 1967 direct foreign investment projects in Japan required "case by case" approval from the Ministry of International Trade and Industry and MITI approval *was normally given only when it* was clear that an incoming foreign venture would not represent a threat to established Japanese companies. From 1967 onwards the Government embarked on a policy of investment liberalisation, which *culminated* in *summer 1973* when all but a short *list* of *specially* sensitive industries were opened for 100 per cent. investment by foreigners.

*The 1973 round of liberalisa*tion means in theory that a foreign company can now establish a wholly-owned subsidiary in Japan to make anything from sake to mammoth tankers after a routine clearance of its application with the Japanese Government. Foreigners may also, according to the law, gain up to 100 per cent. control of established Japanese companies (provided the companies con*cerned agree to be taken over*). But in practice there has been no flood of direct investment into Japan since 1973 nor of takeover bids for Japanese companies. At the last count "foreign capital ventures" (with a minimum foreign stake of 20 per cent.) in Japan, accounted for 2 per cent. of the sales turnover of Japanese business and 3 per cent. of profits. *Within this total 50-50 joint* venture companies, or companies with only a minority foreign capital stake, formed the largest group, although 100 per cent. owned subsidiaries have tended to become more numerous since the 1973 liberalisation.

Obstacles

There appear to be three main reasons why foreign companies have not come rushing into Japan since the barriers *were removed. The first is that* most Japanese industries are now so strong that foreign companies would find it hard to compete with them on their home ground. The second reason is that lack of space and of many other resources makes *Japan a costly place to invest* even allowing for the size of its domestic market. The third reason, which has been highlighted by the recent case of Dow Chemical Company's Hokkaido caustic soda project, is that obstacles can still, on occasion, be erected by the Japanese authorities.

The Dow Chemical proposal was formally placed before the Japanese Government last July but has aroused strong opposition from Japan's domestic caustic soda industry which feels threatened by Dow's reputedly superior technology. The domes*tic industry is in a position* to exercise considerable leverage on the Ministry of International Trade and Industry which is attempting, with less than 100 per cent. success, to persuade caustic soda manufacturers to switch to a cleaner production process. As a result MITI has played for time in its handling of the Dow application and a proposal which *should normally have received* routine approval by a month or so ago is now unlikely to be given the go-ahead until well into next year.

The combination of deliberate and involuntary obstacles which still exist to foreign investment *in Japan has tended to produce* a situation in which most companies still find it better to accept a 50-50 relationship with a Japanese partner than to insist on full control of their Japanese operations. Examples of successful partnerships of *this kind are numerous.* They may take the form of a tie-up between two manufacturers (examples involving British industry are the Toshiba-EMI partnership which is Japan's fourth largest record manufacturer or the *Meiji-McVitie tie-up between one of* Japan's largest food manufacturers and United Biscuits which now has a sizeable share of the local biscuit market. An alternative form of partnership could link a foreign manufacturer with the foreign company's former Japanese distributor.

The advantages of a joint venture tie-up with a Japanese company are that the foreign investor gains access to his *Japanese partner's distribution* network (this can be vital in the case of a mass market commodity like biscuits) as well as being saved the trouble of hav*ing to hire labour directly from* the open market. A Japanese partner can also ease the way through bureaucratic and administrative obstacles, but there are, of course, instances of difficulties with the partner [...]self. *Some foreign investor[...]* Japan have found their [...] venture being used as a [...]venient parking place for ex[...]tives who for one reason [...] another need to be shifted [...] from their posts in the J[...]nese parent company.

The resident vice presid[...] "representative director" [...] foreign company involved [...] joint venture may find it [...] going to keep his end u[...] relations with his [...] numerous Japanese opp[...] numbers. He can find it [...]*ticularly hard if the Japa[...]* partner is not itself determ[...] to make a success of the [...] venture operation. Dis[...] stories of companies which [...] their technology available [...] use by their Japan venture [...] to find the Japanese pa[...] *shortly afterwards launchi[...]* suspiciously similar produ[...] its own are not unknow[...] Tokyo. Faced with these [...] similar problems many fo[...] *companies prefer to avoid a* involvement in a joint ve[...] altogether. The alternative *licence technology to a Jap[...]* company, which brings in [...] money than the divi[...] yielded by an actual invest[...] but cuts many of the heada[...]

Bastion

One of the last bastio[...] fall to would-be fo[...] *investors in Japan* (as re[...] as May of this year) wa[...] retailing industry. Ret[...] was one of the handful of [...]tions to the 1973 liberali[...] measures, *being subjected* special ruling which li[...] foreign involvement to a [...] cent. share in a maximum [...] retail outlets. When fo[...] investors were *finally se[...]* to build as many retail [...] in Japan as they liked (b[...] this year) it became p[...] in theory for exporters to [...] finally to bypass the co[...] and costly Japanese distri[...] system which has often [...] regarded as a barrie[...] imports. The realities i[...] case of retail investment [...]ever, differ from what is i[...] by the regulations as in [...] other branches of investm[...]

One complicating fac[...] that Japan's domestic re[...] industry is governed by [...]plex legislation (which [...] practice be almost as rest[...] as the old controls on f[...] investment). The other [...]blem which prevents f[...] companies flooding Japa[...] retail outlets *specifically* [...]lished to sell their prod[...] price of land. The liberal[...] of retailing investment [...] helped to prove the poin[...] Japan *is* not, and wi[...] become, a paradise for f[...] direct investment, no [...] what the regulations ma[...]

Charles S[...]

The telex room at Mitsui's head office in Tokyo.

The "Big Four" Japanese securities houses—Daiwa, Nikko, Nomura and Yamaichi—enjoy a broader scope of operations abroad away from the control on their domestic activities. New directions for their expansion abroad.

Securities houses

FOR THE SAKE of simplicity, the table incorporated in this *article simply shows where the* "Big Four" Japanese securities houses are represented in the financial capitals of the world.

What those offices are doing, and where, varies greatly—depending on the judgement of the particular securities house, the *Japanese Ministry of Finance,* the authorities and laws (chauvinistic or otherwise) of the countries concerned and, sometimes, where there might be money to burn.

Starting from source, in Japan, the securities companies are joint stock corporations licensed by the Minister of Finance to engage in four types of business—entrusted purchases and sales, purchases and sales on their own account, flotation and under-writing, and invitation of sale and public sale of *securities—under the Securities* Transaction Law.

THE 'BIG FOUR' INTERNATIONAL OFFICES

	AMSTERDAM	BANGKOK	BEIRUT	CHICAGO	FRANKFURT	GENEVA	HONG KONG	HONOLULU	JAKARTA	KUALA LUMPUR	LONDON	LOS ANGELES	LUXEMBOURG	MANILA	MONTREAL	NEW YORK	PARIS	RIO DE JANEIRO	SAN FRANCISCO	SAO PAULO	SINGAPORE	SYDNEY
NOMURA	*	*	*		*	*	*	*	*	*	*	*		*		*	*	*	*		*	*
NIKKO		▲			▲		▲		▲		▲	▲	▲			▲	▲		▲	▲	▲	▲
DAIWA	▽		▽		▽	▽	▽				▽	▽				▽	▽			▽	▽	▽
YAMAICHI	●	●		●	●		●				●	●			●	●	●			●	●	

Overseas, the scope can be much broader. Take Amsterdam, where as Daiwa's London managing director and general manager Mr. Koichi Kimura puts it, "banking licences can be obtained, there is relative freedom in foreign exchange transactions and there are tax advantages as well": for Amsterdam, Nomura's detailed list of activities includes: extending medium and long-term loans; managing and participating in syndicated loans; accepting Eurocurrency deposits, engaging in foreign exchange transactions; carrying on investment banking; and acting as broker, dealer underwriter, distributor and investment adviser for all kinds of securities.

As principals, the securities houses seem to have relative freedom in centres like Amsterdam, Frankfurt and Hong Kong—although this to all *intents* and purposes only dates from December, 1973, when Japan's Ministry of Finance approved banking activities by overseas subsidiaries.

Conversely, U.S. operations seem restricted to the Japanese pattern, as do those in London—although there are ways round *the problem here. Nomura par*ticipates in Associated Japanese Bank (International) which broadens the scope of its London *business considerably.* Nikko, Daiwa and Ya[...] with the Sumitomo, Fuji, [...]bishi and Tokai banks, [...] similar consortium situa[...] *Japan International* (London).

For the *quid*—se[...] houses into international [...]ing—there is a *quo*—Ja[...] commercal banks can g[...] the international securiti[...]ness. Links like Fuji/Kle[...] Benson, Sumitomo/White[...]

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JAPANESE INTERNATIONAL COMPANIES IX

While the pace of Japanese investment abroad has slackened since the energy crisis at the end of 1973, the amount of the country's corporate activity in the world is nevertheless still remarkable.

Investment abroad

T IS an astonishing fact that ıore than 60 per cent. of apan's capital exports for irect investment purposes (that s, in business activities which re deemed to ultimately come nder Japanese control), have aken place since the beginning f 1973.

There is very little doubt that ut for the energy scare at the nd of 1973, this trend would y now have swept into a geoıetric progression. As it is, ıany managements are at resent deep in thought, agonisıg over whether the conditions hich wrought the change in ıe early 1970s will reappear gain before long.

There were, of course, pressıg reasons for the exodus of ıpital at the time: so dramatic ı implosion of funds into ›reign bricks and mortar $5.9bn. in officially approved lans and $4bn. in actual capital movements in two years alone) is not easily triggered off.

It could not have been done by macro-economic and political conditions alone, those these must have helped both positively and negatively. For instance Japan's large payments surplus was highly conducive to capital outflows of all descriptions; and absence of wars and revolutions in most of the world made it look as though foreign investments could be productive and profitable.

What really counted in the sphere of direct investments, however, were harsh commercial pressures on corporate managements. Several of these are readily identified. Some managements felt driven out of Japan by soaring wage costs —thus textile manufacturers looked to low wage countries for sites for plant expansion, and in some cases probably with an eye to gradual transfer of the most labour-intensive departments of their businesses.

CHANGING SPREAD
($m.)
(Approvals basis)

	Apr., 1973, to Mar., 1975	1950 to 1975 (cumulative)
ood products	132	231
extiles	502	918
umber & pulp	125	423
hemicals	492	634
etals	394	635
achinery	176	307
o. electrical	255	426
ransprt. equip.	120	262
ther manuf.	182	300
anufacturing	2,378	4,137
gric./forestry	97	178
ishery	53	102
ining	1,254	3,527
onstruction	36	84
rading	791	1,549
anks/insurance	455	1,000
thers	715	1,685
ranches	114	404
otal	5,893	12,666

Demonstrations

Others were impelled by the high cost of anti-pollution procedures imposed on them in Japan. Local community demonstrations opposing planned expansion of steel mills and other industries almost everywhere in Japan, also influenced Boardroom decisions in favour of overseas projects.

Still other companies moved capital into foreign concerns to protect sources of materials and past investments (a notable early example was Mitsubishi's investment in the Kaiser group).

Probably a larger number began to outlay funds to secure new sources of raw materials of all kinds, and particularly iron ore, timber and bauxite, either in their natural state or (which is much more capital-intensive) in some semi-processed form. The influence operating here included the fact that Japan was becoming a progressively larger buyer (especially in comparison with other buyers) of most industrial materials, which therefore made for an increased need to invest in procurement projects relative to other suppliers of capital (the alternative was to be increasingly exposed to market fluctuations, and perhaps to court future supply bottlenecks).

The choice of semi-processed products, where made, no doubt reflected the concern with problems already mentioned—such as air or sea pollution—but some other factors operated as well. One was the fact that many supplier countries actively sought such benefication, to assist their own economic development. Also, though more recently, when electric power derived from oil became expensive, there was an added incentive to look elsewhere for cheap sources of energy (the prime example is the manufacture of aluminium).

Still other investment was clearly aimed at securing markets, for instance for consumer durables in the EEC.

Lastly, and much the most discussed factor in Japan during the past 18 months, it has been widely felt that oil suppliers (and possibly the possessors of some other scarce materials) are able to command a wide range of investments on their soil, some of these not directly related to the commodities that Japan wants to buy from the countries concerned. One example is the steel mill being built at Qatar, using a natural gas process.

A large number of management decisions have no doubt been influenced by more than one of these considerations. The net result appears in the tables, though with the exception of most of the much-canvassed proposals to set up factories in the Middle East (many of which will count as direct investments if and when they materialise).

Among the features, it is clear that while Japanese investments are very widely spread both geographically and by type, there has nevertheless been a distinct preference for some countries and some varieties since March, 1973 (though it should be noted that these *figures relate to applications* approved by the Ministry of Finance and there is no guarantee that all the investments will actually be proceeded with).

It appears that ten countries experienced a more-than-doubling of their Japanese investment (promised) in the two years ended March, 1975: the U.S., Indonesia, Brazil, Korea, Bermuda, Hong Kong, Malaysia, Singapore, the Philippines and Germany.

At the same time, intended investments were increasingly concentrated in manufacturing —notably of textiles, chemicals, metals, electrical goods and food products—and mining.

Peter Duminy

JAPAN'S DIRECT INVESTMENTS ABROAD
($m.)

	Approvals*	Actual†
1951-64	790	n.a.
1965	159	n.a.
1966	227	n.a.
1967	275	n.a.
1968	557	n.a.
1969	665	n.a.
1970	904	n.a.
1971	858	n.a.
1951-71	4,435	1,851
1972	2,338	723
1973	3,497	1,973
1974	2,396	2,013
1951-74	12,666	6,559

* Fiscal year, ending March following calendar year-end.
† Calendar year, IMF definitions adopted.

JAPAN'S OVERSEAS STAKE
($m.)
(Approvals basis)

	Apr., 1973, to Mar., 1975	1950 to 1975 (cumulative)
U.S.	1,298	2,571
U.K.*	100	1,507
Brazil	685	1,253
Indonesia	717	1,190
Middle East	174	780
Australia	218	524
Korea	288	495
Peru	360	445
Canada	165	440
Bermuda	272	301
Hong Kong	174	274
Malaysia	174	250
Singapore	135	226
Thailand	65	194
Philippines	102	190
Taiwan	67	174
Germany	81	137
France	61	135
Others	757	1,580
	5,893	12,666

* Includes investments made elsewhere through intermediaries in London.

Securities

CONTINUED FROM PREVIOUS PAGE

and Sanwa/Barings, however, seem (to date) only interested in overlapping into the underwriting business—and underwriting straight bonds, since the banks do not have the securities houses' familiarity with convertible, or equity issues expressed in terms of *depositary* receipts.

In fact, the securities houses are also quick to point out that, being relatively new to banking, they would have to climb a long learning curve before they were any real threat to the commercial banks' operations — the corollary being that the banks have their own curve to climb in equities. Just the same, it is possible to detect a glint in the securities house man's eye, when you ask him if the strict barriers in the Japanese financial market are never going to be breached.

Research

But the most interesting feature of the "Big Four" must still be the importance they attach to their investment research operations—described highly-flowingly (to the Westerner) as "Institutes" by Nomura and Yamaichi, as a "Center" (under separate cover) by Nikko, with only Daiwa descending to the "department" level.

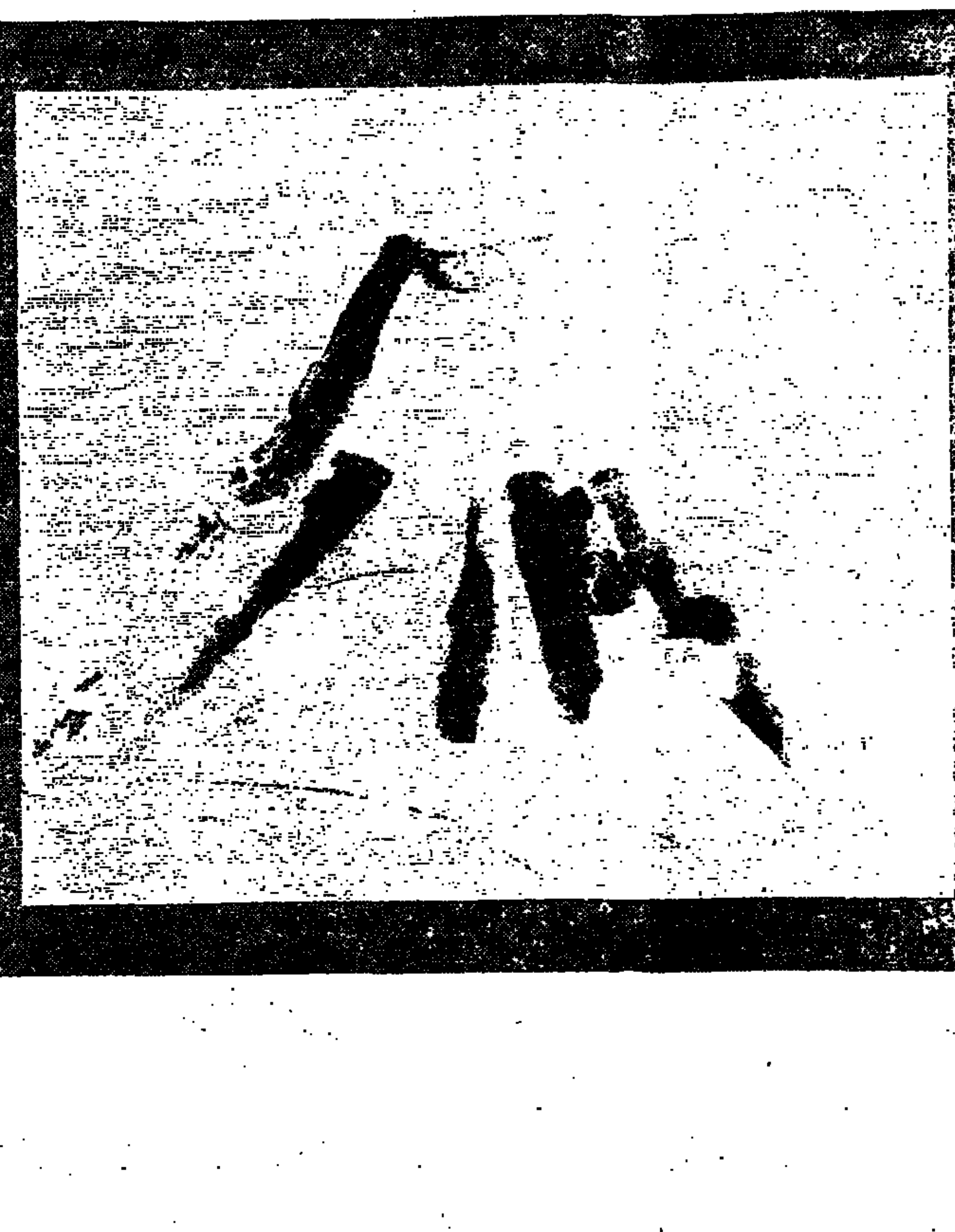
Recent years, and bear markets, have seen a lot of trimming in U.K., and U.S. investment research departments—some top men opting for a dealing role as they found their research failing to interest the client, and others simply being chopped as the economics of stockbroking dictated massive cuts in costs. The Japanese houses, if anything, have strengthened their research efforts in recent years; the reasons include the relative strength of the Japanese economy, and the relative ability of the securities houses to provide funds (and morale) for their research operations.

The two-way traffic in which the securities houses should excell—*selling* Japanese securities to overseas investors, and overseas equities to the home institutions—was boosted in February 1970, when the Japanese Government first approved the acquisition of foreign securities by Japanese investment trusts, followed by approval for insurance companies in January 1971 and private investors in July of that year.

There was an hiatus with the oil crisis and the capital outflow occasioned by it, which led to voluntary restrictions of the private placement of foreign securities with Japanese investors. This restriction was lifted at the beginning of this year, but it was not followed by the same boost that the securities houses saw in 1971-72, due to the delicate state of some overseas markets, and the revaluation of the Yen—which gave the Japanese investor some pause where overseas investments were concerned.

However, the "*Big Four*," and their research efforts, are protected by their specialised approach to broking and banking affairs. Their swift disclaimer, when asked about recommending U.K. stocks for U.K. holders—or German stocks for the Arabs, for that matter —is evidence enough that they are reasonably satisfied with a growing economy which produces growing investment potential per capita, and growing interest among overseas fund managers.

William Cochrane



JAPANESE INTERNATIONAL COMPANIES X

Once the world economy begins moving forward again, the textile industry is expected to enter into further overseas investment, particularly in the U.S. and Europe.

Textiles

"THE SITUATION was forecast in 1971 during the Japan-U.S. textile negotiations," said Ichiro Kawagoe, a spokesman for Teijin, one of Japan's leading filament and staple fibre manufacturers. "Our industry *leaders claim that to-day's* America is to-morrow's Japan."

To-morrow's Japan is expecting now to have much of its manufactured apparel goods imported from nations in Europe and South East Asia. These two areas accounted for *78.5 per cent. of all imports* of textile materials by Japan last year. In the first seven months of this year, they accounted for 74.9 per cent. of these imports.

This imported textile material, unfortunately, is not coming from output by subsidiaries of Japanese fibre and textile manufacturers. Nearly all manu*facturing abroad by subsidiaries* centres on the production of fibres, or weaving and spinning for sale to local manufacturers, or for export to third countries.

For instance, of just over 220 manufacturing subsidiaries established abroad by the Japanese, 140 were for the output of fibres or spinning and weaving only, with only 15 of the total involved in the manufacture of finished goods.

Essentially, overseas investments by textile firms have centred on plants built to satisfy local markets for the most part. In the case of Thailand, where 28 Japanese manufacturing facilities are located, in Taiwan with 21, Indonesia with 20 and Hong Kong with 27, all are engaged in selling mostly to the local markets.

The peculiarity of Japanese textile investments abroad first involves ownership. In the case of Kanebo, only three of its 21 subsidiaries are 100 per cent. owned by the home management, the remainder *being joint ventures with local* interests. In the case of Toray Industry, with 52 subsidiaries abroad, almost all of them are shared with local interests. In the case of the five subsidiaries abroad of Asahi Chemical Industry, only one is 100 per cent. owned by the parent firm.

Another peculiarity is that of a total of 220 subsidiaries abroad, few if any will be involved in garment manufacturing. For instance, of Teijin's 25 subsidiaries, only two are engaged in apparel manufacturing, and all of their output is exported to the U.S.

Another peculiarity is that overseas subsidiaries are not *limited to the 105 in Southeast* Asia. There are at least 22 in the U.S. for manufacturing purposes, 28 in Brazil, six in Australia, two in Italy and four in West Germany.

Adding to the situation is the sale of licensed technology on *Japanese textile* manufacturing. Of a total of 106 licences outstanding last year, 21.6 per cent. were in the hands of Americans, 10.3 per cent. in the hands of Italians and 5.6 per cent. in the hands of Swiss manufacturers. The remainder were spread thinly in various countries. All of them involve textiles in some form or other. In addition, manufacturers have at least 43 non-textile related subsidiaries abroad, spread around the world.

Of 155 subsidiaries abroad in the textile field, 8 are in wool spinning, 8 in silk spinning, 21 handle purely cotton spinning, 68 handle synthetic textiles including blended products, *there are 13 spinning and weav*ing facilities, six for nylon and one for worsted yarns. The others are involved in a variety of textile related production.

With only eight subsidiaries in Western Europe, it can be expected that the Japanese will *establish more, Teijin's* Kawagoe said. The Asahi Chemical Industry-Toray Industrial Development Authority joint venture in Ireland is one of the latest. Asahi has 45 per cent. interest in the venture, Toray and IDA 10 per cent. each; the remainder held by local interests. The venture is for the production of acrylics, where Japanese textile sources say "There's room for a couple of more guys in there without upsetting the market structure." This is the first time in textile history that two competitors have joined forces in a market as *Asahi and Toray* have done. Simply put, the Japanese are finding that establishing production facilities within the boundaries of a market proves to be a better deal than shipping the same products to the market from *Japan or even a subsidiary in* South East Asia.

A clear example of this is Kanebo's 21 subsidiaries and the reasons for their having been established in a particular country. One was for sales purposes, three were for non-textile *related diversification,* seven were for taking advantage of the local labour force, while 10 were for expansion of the local market and for exports to third countries.

In the case of Teijin, it recently announced agreement *with Fibroquimica* SA, a leading Spanish group in plastics, real estate and housing and textiles, for a joint venture to produce polyester fibres in Barbastro, Spain. It is Teijin's first joint venture in Europe. This will serve as Teijin's entré to *the expanding EEC. More sub*sidiaries can be expected as the textile trade attempts to enter Europe. Since last year there was a slight imbalance in Japanese textile trade with Europe of \$4.5m. with Japan at the short end.

However, because of the recession, Japanese management is finding that an abundant supply of labour is emerging at home. For the time being, then, *labour is not a prime reason for* establishing a textile plant abroad particularly in South East Asia, where they have been established since the early 1950s. At that time, the advance southward was for the cheap labour. But now, since *early in this decade,* the decision to establish abroad has been made more on the basis of potential profits within a particular market.

In a recent survey by the *Ministry of International Trade* and Industry, covering 1,295 companies with investments abroad in the textile industry, the reply to the reason for investment was least strongly towards a "search for cheap labour." But that survey covered only up to *1973.* Since the recession deepened and with the release of so much part-time labour and the shortage of jobs for younger workers, that reason is no longer valid, industry sources say. The motive for new investments abroad now is *figured strictly from the profit* incentive, they add.

Textile investments last year totalled \$174m., 7.4 per cent. of total foreign investment by the Japanese last year. In 1973 the investments were \$326m., or 9.3 per cent. of the total. Overall, Japanese investments *abroad last year were 31.5 per* cent. down on the previous year.

The petrochemical industry has made sounds about establishing integrated facilities in the Middle East, provided funds can be raised to cover construction costs, to be followed by integrated synthetic textile facilities. At present there is not a single Japanese textile manufacturer listed in various government publications as having a manufacturing facility in the Middle East or any of the oil-rich kingdoms.

Of Japan's top fifty foreign investors, the textile industry ranks relatively high with seven on the list with over \$330m. in investments. Toray Industry *ranks eighth,* Teijin 12th, Toyobo 22nd, Asahi Chemical 31st and so on down the list. The lowest is Mitsubishi Rayon in 47th place. By sales, Teijin is fifth in the top 50 with production of \$163m. last year by its subsidiaries and fifth in sales by its Sunkyong Clothing Co. venture in South Korea. This venture *had sales last year* of \$55.6m. The company is involved only in polymerisation and fibre manufacturing and not in apparel manufacturing.

Teijin's second best, Hualon Teijin Corp. in Taiwan, covers from polymerisation to weaving and knitting and had sales of \$30.6m. last year to rank 19th *on the list of top 50 sales* ventures abroad. In contrast, Toray Industry, with 52 subsidiaries abroad and ranking eighth in the top fifty, was well down the list in terms of production last year at \$88m. The top companies in sales was Han Synthetic Fiber Industry in South Korea, 20th on the sales list, with \$30m.

Sam Jones

The top 11 Japanese electrical appliance producers have over 100 manufacturing facilities abroad and almost all are aiming at further expansion.

Electronics

"SONY HAS a bigger image than we have and we sometimes are disappointed, but our company name, *Sanyo, means* three oceans and that's our philosophy," says Takashi Takeshita of Sanyo Electric, a medium-ranking electrical appli*ance manufacturer.*

Sanyo may be relatively unknown but, statistic for statistic, it has more manufacturing ventures, more joint ventures and more licensing agreements than Sony—but about half the number of sales offices abroad.

Sanyo operates *in over 20* countries but it has worldwide production facilities. And management is continuing expansion, disregarding the current recession. As with most Japanese manufacturers, such places as Ireland and Spain offer what are *believed to be* excellent opportunities for getting into the Common Market in due time: build now, for a better to-morrow, regardless of the present economic climate.

Is Sanyo alone among the *Japanese? By no means among* electrical manufacturers. Almost all express great interest in continued expansion abroad, mostly in the form of joint ventures, but still increasing their capability to meet new challenges and create greater profit opportunities.

For instance, Mitsubishi Electric's Jiro Sasaki said that his *company still* "has too few facilities abroad." The company has 20 foreign manufacturing operations *in nearly as* many countries plus nine sales offices, one off-shore procurement office, one consultant's office and one facility not related to electrical equipment manufacturing.

The top 11 electrical appliance *manufacturers in Japan* have over 100 manufacturing facilities abroad, all joint ventures in some form or other. They are sited in 48 countries, *most of them in the northern* hemisphere, including the East European bloc, and a few of them south of the Equator. Just a handful are for exporting to a third country, with the vast majority aimed at serving the local market. A few are components assemblers for export to Japan for re-export after final assembly.

A prime example is Hitachi, by far the most aggressive of all Japanese electrical appliance manufacturers. It has 16 joint ventures in manufacturing, *within the 29 jointly-owned* ventures abroad, plus eight sales offices.

"It all depends on the situation," says Hitachi's Manabu Kawae. "*Whether to establish* an assembly line in a developing country, or to establish a joint venture or conclude a licensing arrangement in a more advanced one. Our emphasis is on an international programme. It depends on the local govern*ment's policies and the demand* in the local market. If there is big demand, then we can expect *to establish our own facility.* But if the demand is small, then probably there would be a licensing agreement arranged."

For most Japanese manufac*turers in this field, despite the* recession and the resultant slowdown in overseas investment, there is no need to think about pulling back from current investment. Sanyo's Mr. Takeshita expressed it in the simple philosophy of his company's founder, *Kaoru Iue,* "an electrical appliance in every home in the world." That *obviously leaves room for* tremendous expansion.

At present, the 11 largest Japanese electrical appliance manufacturers have nearly 200 joint ventures abroad, including 65 sales offices on all continents. They have reached agreements to extend over 150 technological licences, one-third of those to American manufacturers. Many *of these agreements* do not cover electrical appliances but lean heavily on such equipment as sky parks (overhead parking), elevators and other heavy duty electrical equipment, plus smaller items like batteries and motors.

For *instance,* they have extended four licences to two groups in Bulgaria. One concerns the manufacturing technology on an aluminium elec*trolytic condenser, another* is for a 1-2 horsepower air conditioner for food markets, a third is for manufacturing ferrites and a fourth is for production of a closed compressor.

To the U.S., the mix is different. For instance, the computer manufacturer Fujitsu has extended a licence to Texas Instruments for a semiconductor element containing integrated circuitry and testing equipment in a cross licence deal. Hitachi has extended technology to Picker Corp. for X-ray equipment.

In the U.K., Hitachi in 1966 extended technology on manufacturing a ladle crane for a *converter to Wellman Machines* Co. Kokusai Electric extended a licence to Plessey (U.K.) in 1964 for the right to use technology on a mechanical filter for telecommunications equipment. This is valid until 1977, with a royalty of 3-5 per cent. *of sales. Murata manufacturing* has extended licensing valid until 1981 to G-U Overseas for technology on an electronic circuit switch.

To some extent, Japanese electronics manufacturers have contented themselves with *home production for* their prime products, such as tape recorders, radios, colour TV sets, etc. like for export. But here again, the mood is changing. Sony's purchase of West Germany's Vega operation was solely for the purpose of pro*ducing within the market* concerned. Its Wales venture is on the same order. It plans to *establish a manufacturing* facility for TV sets in Brazil. Its American plant is for TV production. None of these are export facilities. Eventually, Sony will be producing some 40 per cent. of its colour TV sets through subsidiaries in other countries, with the output destined for the local market in which the subsidiary is located.

To some extent, the Japanese consider the continent of Europe as being one market. The Wales, Spain and Ireland *manufacturing establishments* are a foothold to that market. But consider the point that in West Germany, the Japanese have already established 18 *sales offices, nearly all of them* for electrical appliances, with only three manufacturing facilities. Even in recent months electrical appliance makers have ventured forth with trepidation but determination to establish their own factories on unfamiliar territory in Europe. The U.S. has its share of electrical appliance manufacturers from Japan, now it appears that Europe is in *for its share.*

Sam Jones

After years of anonymity Japan's steel industry is showing a public face befitting the world's third largest producer and biggest exporter. Names like Sumitomo and Kawasaki are appearing in overseas stock exchanges and bond issue lists.

The steel industry

JAPAN'S FIVE integrated steel mills and even some of the smaller fry, are appearing on the world stage in a variety of capacities. There are many reasons for this. All five companies have floated bonds on international markets in the past year, while in addition Kawasaki obtained a listing on the Frankfurt Stock Exchange in April and Sumitomo is quoted in both Frankfurt and Dusseldorf.

Steelmen explain this in terms of a capital hunger that is already formidable and has been projected to grow at a rate which will be beyond the capacity of domestic markets.

They had particular reason to feel this in 1974. Nippon Steel, the world's biggest producer (with a peak output of more than 40m. tons of crude steel in 1973) was busy spending $900m. on capital projects, more than twice the total of a year before.

The industry as a whole had increased its capital expenditure (on a cash disbursement basis) from $1.86bn. in 1973-74 to $2.7bn. in 1974-75 and was planning to spend $3.8bn. this year. It had drawings on the Eurodollar market, so-called impact loans, of $250m. last year after $100m. in 1973.

Some of this may have changed now that world steel markets are depressed, and an increasing amount of steelmaking capacity (including the world's largest plate mill, recently completed by Kawasaki) is idle. Steelmakers must be asking themselves if all their expansion plans are justified. What has not changed, however, is that the steel industry appears to be inefficiently financed, in comparison both with its overseas competitors and with some other industries in Japan.

Recent calculations by the Economic Planning Agency show that, as a percentage of gross value added finance costs are 19 per cent. in Japan's steel industry, compared with 3.6 per cent. in the U.S. and 5.9 per cent. in the German industry (figures derived from 1970 annual reports). This reflects the large debt to equity ratio of Japanese steelmakers.

Machinery

This 19 per cent. compares unfavourably with such Japanese industries as motor car manufacturers (10.9 per cent.) and the machinery makers (14.6 per cent.).

Another EPA study suggests that the steelmakers were paying more for their money than other domestic industries last year. The average cost of its borrowed money was 11.06 per cent., compared with 10.38 per cent. for manufacturing industry as a whole and as little as 7.77 per cent. in the case of the chemical industry.

Also, when finance costs were expressed as a percentage of sales, the steel industry again headed the list with 6.1 per cent. against 4.39 per cent. for all industry and as little as 2.39 per cent. for motor-car manufacturers.

All these figures appear to reflect the demands on capital markets being made by the steelmakers, and the high cost of meeting this demand by the conventional method (in Japan) of borrowing more from the banks.

Thus, the attempt to diversify sources of capital can be expected to continue apace, whether or not the steelmakers cut back significantly on their expansion plans. It will no doubt include more equity issues in Japan (Kawasaki raised $100m. by this method in June). It will also mean resorting to foreign markets where conditions are favourable.

Capital is also moving in the opposite direction, from steel companies outwards, these days. There has been a gradual change in arrangements in recent years. The situation used to be that trading companies secured supplies of raw materials, acting as agents for the steel industry. Thus if investments were made in mining projects, they were invariably made by trading companies and were usually at a low level (such as the 10 per cent. stake jointly held by Mitsui and C. Itoh in the Mount Newman iron ore mine in Western Australia).

The first change observed in recent years was that Japanese capital began to play a more crucial role in bringing projects to production. A notable example is the 30 per cent. of the Robe River project's capital subscribed by Mitsui.

Now suddenly the steel companies are talking of taking a stake in mining projects themselves. For instance, Kawasaki is involved with four trading companies in planning a mine at Wologosi, Liberia (in which the majority interest would be held by American and local pa[illegible]). In Brazil the pro[illegible] of Carajas, which promises to be the world's biggest iron ore mine, have offered a 10 per cent. stake to a consortium of Japanese steelmakers.

Pattern

It is not completely clear why the steel companies are beginning to take a direct interest in these affairs. However, and while they seem to be in no hurry to take up the Brazilian invitation (until it becomes clear who is expected to provide the infrastructure in addition to the $3bn. commissioning costs), there seems no doubt that is the future pattern.

The much more spectacular development, meanwhile, is that the steel industry is beginning to manufacture abroad: semi-processed and crude steel which will be an integral part of their fully integrated operations. Thus, Kawasaki will commission a 5m. tons a year sintering plant in the Philippines in January, 1977. Work is well advanced on the $230m. project, which will give Kawasaki 600 Filipino employees. Work has also begun on a $200m. billet bar mill in Qatar in which Kobe steel has a 20 per cent. stake (and Tokyo Boeki another 10 per cent.). It is intended that the annual production of 300,000 tons will be shipped to Japan.

Several other schemes are under consideration. They include a joint venture involving Nippon Kokan in British Columbia, a project in Saudi Arabia in which Nippon Steel is involved, and one in Western Australia in which the consortium would include all five Japanese mills.

There is also Kawasaki's cliff-hanger at Tubarao, Brazil. But at the present stage it does not look as if many of these projects will materialise. The commercial logic has to be overwhelmingly to compensate for the convenience—and security—of domestic expansion.

The commercial logic of going abroad does not look so strong at the moment, with the steel industry in recession, with Japanese inflation well below the average elsewhere, and (perhaps above all) with a dropping off of local community resistance to expansion plans in general (no doubt another symptom of the recession).

However, all this could change rather suddenly when prosperity returns. Meanwhile there is no doubt that the pioneering has been done.

Peter Duminy

Since the Arab oil embargo and the subsequent sharp rise in oil prices, Japan has redoubled its efforts to secure a share overseas in the search for and production of the oil it lacks at home.

Hunger for oil

JAPAN FIRST began to grow uneasy about its dependence on the international oil majors for energy supplies as long ago as the late 1950s. It was at that time that Arabian Oil Company, the country's first and most successful venture in overseas oil extraction, began drilling on concessions in the Fortien Zone between Saudi Arabia and Kuwait. Arabian Oil (whose shareholders include the government's of Kuwait and Saudi Arabia as well as a group of major Japanese energy consuming companies) now produces about 14m. kilolitres of oil a year or some 5 per cent. of Japan's total annual crude oil consumption.

An ambitious but in the end disappointing venture involving an established Middle East field was Japan's purchase in late 1972 of 45 per cent. of the British Petroleum interest in ADMA (Abu Dhabi Marine Areas). The deal cost Japan $780m. and brought in some 10m. kilolitres of oil in 1973, but in early 1974 the financial profitability of the ADM venture was reduced for Japan when the Abu Dhabi Government sharply increased its participation. The Japanese, who have always felt somewhat at sea in their dealings with the international oil industry, were badly shocked by their setback in Abu Dhabi and have been more cautious since about becoming involved in exploration or production ventures where the participation of host Governments threatens to be a problem.

They consider themselves safe against expropriation or "involuntary" sale of their production rights in most of the other areas where Japanese companies are producing oil or seem likely to produce it. But the number of these areas is fairly small and their total production capacity does not add up to a particularly impressive figure. The areas actually in production include another small field in Abu Dhabi (where the Abu Dhabi Government has no interest in participation) and a series of medium-sized oilfields off the coast of Kalimantan (Indonesian Borneo) where Japex (Indonesia) is operating production sharing contracts with U.S. interests.

Oilfields now under development by Japanese interests and due to start production shortly include one off the coast of Zaire where a Japanese company has a one-third share in a field being developed by Gulf Oil and two Iraqa oilfields in which Japan has a 40 per cent. share, in a service contract where the major partner is ERAP.

Exploration

In each of these ventures as well as in 15 other areas where Japanese interests are searching for oil, the State-owned Japan Petroleum Development Corporation has a 50 per cent. share in the Japanese stake. Another seven exploration ventures are being undertaken by private Japaese interests without JPDG backing.

The Japanese interests involved in overseas oil exploration include exploration companies set up by each of the major Japanese industrial, financial and commercial conglomerates. Thus the Mitsubishi, Mitsui and Sumitomo groups each have their own exploration company and similar companies have been set up by the less widely known Japanese groups such as those headed by the Fuji Bank (usually known as the Fuyo Group) or the Sanwa Bank. Total investment by these and other private Japanese investors as well as the back-up investment by JPDC is now estimated to have reached about Y500bn. (roughly £800m.).

The JPDC claims that the success ratio of Japanese companies in drilling for oil is much the same as the international average (about 19 per cent.). But in terms of actual oil received Japan's investment in overseas production and exploration has yielded very modest results. The total flow of oil from Japanese controlled areas (or areas in which Japan has a stake) amounted to 27m. kilolitres in 1974 with the greater part being accounted for by the Arabian Oil Company and Abu Dhabi Marine Area operations. This was equivalent to about 10 per cent. of Japan's total crude oil imports for the year.

JPDC estimates the flow of Japanese-controlled oil at some 47m. kilolitres in two to three years' time but calculates that this will still only constitute about 12 or 13 per cent. of total consumption (allowing for an estimated increase in the consumption total). One additional source of Japanese-controlled oil will be the Sakhalin venture where Japan is to put up 50 per cent. of the exploration and development costs in return for 50 per cent. of the yield from a field offshore the Soviet Union.

Another area which Japan has been looking at recently is the North Sea. Mr. Anthony Wedgwood Benn, on a recent visit to Tokyo, made it clear that a Japanese application in the next round of licensing for North Sea Exploration blocks would be viewed with favour by the U.K. Government. His message was received politely in Tokyo, not least because Japan is currently worried about its overall economic relationship with the U.K. but Japanese oil men say, in private, that there is not much likelihood of a Japanese stake in the North Sea. The Japanese suspect that the 1976 licensing round will be very much a matter of disposing of "left-overs." They also have doubts about British Government policy particularly with regard to plans for forming a State-owned U.K. oil company.

The main focus of debate within Japan itself is now on the reorganisation of the oil industry (not only the part concerned with exploration, but also the refining and downstream portion) so as to produce a company or organisation which bring some weight to bear on the overseas search for oil. But there is the problem of cutting across the dividing lines between the major and mutually competitive groups in order to produce a single entity. Some Japanese oilmen say the merger cannot be carried out and some say that it must be carried out. Whichever side is right it looks as if Japan may be on the verge of a radical departure from its piecemeal approach to the oil problem.

Charles Smith

Japanese companies are among the most active borrowers in the international capital markets this year. They are thought to have raised about $1.15bn. between January and October on the bond markets alone.

Heavy borrowers

THE BACKGROUND to the heavy overseas borrowing by Japanese companies is of course the country's continuing current account and balance of payments deficit. *Although the* trade balance continues well in surplus, the overall balance of payments deficit during the Japanese fiscal year 1975-76 is expected to be in the region of $4bn.

In addition to this, there is still a vast overhang of net borrowing by Japanese banks on inter-bank markets overseas. Their net borrowings from the London market in fact increased *from $4.2bn. to $5.4bn. between* the end of 1974 and last June 30 (the latest date for which figures are available).

As in previous periods of balance of payments deficit, the Japanese authorities have given every encouragement to Japanese companies to borrow abroad: and, *although a large propor*tion of the proceeds are designed for eventual use outside Japan, they have probably *all been repatriated so far.* There is no prospect at this stage of a cut in the extent to which these borrowings continue, while there is some evidence that the Ministry of Finance is looking more favourably than in the past on borrowing which takes the form of medium term bank credits.

The intensity of the Ministry of Finance's support for Japan*ese corporations' foreign fund* raising operations can perhaps best be judged from the way they have continued to allow companies arranging loans in the Middle East to jump the borrowing queue. The rationale behind their policy of allowing issues by Japanese companies which were managed by Arab houses to occur simultaneously (or almost simultaneously) with issues elsewhere was that the so-called "Arab issues" would be placed entirely in that part of the world. In fact this tended not to occur, for even if a large proportion of the primary placing was restricted to the Middle East, a large number of bonds certainly found their way back through the secondary market *onto the European scene in the* immediate aftermath of the issue.

The geographical spread of *Japanese corporate borrowings* ranges from the Middle East through Europe to New York. After a couple of unfortunate experiences in the dollar sector of the Eurobond market last year, a large proportion of the borrowing was switched to the D-mark sector. With the closure of the D-mark bond markets to foreign borrowers last August—a closure prompted by domestic *rather than inter*national considerations — this source of finance was denied to the Japanese companies. Now this market has reopened and it is perhaps significant that the first borrowing by anyone other than a multinational institution (such as the European Investment Bank) will be by a Japanese company, Sanko Steamship.

Japanese companies have *however, on the whole been* thwarted in their wish—which is also the wish of the Japanese authorities—to borrow for relative long maturities overseas. This has been the result of market conditions rather than investor attitudes specifically towards Japanese credits. *Although there are currently* signs of a lengthening of maturities both in the bond and medium term bank lending sectors, five years has been the normal maximum maturity which investors and banks alike have been prepared to accept throughout most of the year.

Partially to get round *this* straitjacket imposed by investor sentiment, Japanese cor[illegible]porations have issued a num[illegible] of convertible bonds over[illegible] this year on a wide variety [illegible] markets. Particularly rem[illegible]able is the way they h[illegible] tapped the Middle East markets—traditionally reluc[illegible] sources of equity-linked fina[illegible] Three out of the six Japa[illegible] issues in the Middle East [illegible] year have been convertibles.

Monopolised

Convertible issues have [illegible] made possible by the contin[illegible] adequate performance of [illegible] Japanese stock market this [illegible] combined with Japanese [illegible]panies' willingness to [illegible] issues at what is perhaps the most favourable time [illegible] themselves. In effect they [illegible] almost monopolised such i[illegible]tor interest in equities as t[illegible] was in the internati[illegible] markets.

There have been isol[illegible] instances even of Japa[illegible] equity issues overseas—suc[illegible] *the issue by Pioneer*—but [illegible] of the equity-linked fund-ra[illegible] has been in the form of co[illegible]tibles. The maturities on [illegible]vertibles traditionally ru[illegible] fifteen years but conversio[illegible] most bonds takes place w[illegible] the first few years of the [illegible] date.

Apart from the longer ma[illegible]ties *possible, the* attractio[illegible] convertibles from the Japa[illegible] corporations' point of vie[illegible] quite simply the expansio[illegible] *their* equity capital whic[illegible] still notoriously low by we[illegible] standards. A further attra[illegible] is the reduction in their co[illegible] funding. The saving on a [illegible]vertible issue as again[illegible] straight bond issue is bet[illegible] two and three percentage p[illegible] per annum.

Interestingly, the troub[illegible] some Japanese comp[illegible] which have been [illegible] reported internationally, *not caused Japanese comp*[illegible] to stop making equity-li[illegible] issues overseas: Asahi Che[illegible] is reportedly planning a [illegible]vertible issue on the Euro[illegible] market later this month.

Mary Camp[illegible]

Workers at a Japanese electrical factory in Brazil being led in morning exercises.

Japanese companies list their stocks on overseas stock exchanges mainly to boost their image and increase their chances of borrowing foreign funds. Listing also helps to publicise names and products.

Overseas listing

ON OCTOBER 1, 1974, a total of 53 Japanese companies had their shares listed in 14 overseas stock exchanges, according to a survey made by the Tokyo Stock Exchange.

Except in Paris, where listing of stocks issued in Japan is required, most of the stocks are listed in the form of ADR (American Depositary Receipt), IDR (International Depositary Receipt), EDR (European Depositary Receipt), BDR (Bearer Depositary Receipt), HKDR (Hong Kong Depositary Receipt); CDR (Curacao Depositary Receipt), CDR (Continental Depositary Receipt), GBC (German Bearer Certificate) and GBC (Global Depositary Certificate).

Exchanges

The 14 overseas stock exchanges were Amsterdam (24 Japanese companies listed), Frankfurt (21), New York (2), Pacific Coast (2), London (6), Luxembourg (26), Hong Kong (11), *Paris* (4), *Brussels* (4), Antwerp (4), Düsseldorf (4), Vienna (1), Far East (1) and Kamnang (1)—the last two exchanges also being in Hong Kong.

Only two Japanese companies—Sony Corporation and Matsushita Electric Industrial Company—are listed on the New York Stock Exchange. Japanese companies say this is because companies listed there are required to observe strict and costly rules set by the Securities Exchange Commission (SEC) as to disclosure of company *information* and accounting methods. In addition, ADRs under the S-12 formula (which does not require approval by the SEC) have been issued for the stocks of 78 Japanese companies.

Six companies—Teijin, C. *Itoh, Takeda Chemical Indus*tries, Toray Industries, Komatsu and Sony—were listed in the London Stock Exchange. Four companies had their stocks delisted in London in the period between May, 1973, and February, 1974, following the tightening of the rules of the Exchange.

One of them Honda Motor Company, said it was planning to issue new shares at the time *and the new rules of the London* Stock Exchange required the holding of a general meeting of shareholders to approve the issue, whereas under the Japanese commercial code only approval of the Board of Directors was necessary. Honda discontinued the listing of its *stocks in London because it did* not want to bear the additional cost of calling a shareholders' meeting.

Since the last survey of the Tokyo Stock Exchange was made 11 more companies have listed their stocks, mainly in Amsterdam, Frankfurt, Düsseldorf, *Brussels* and Antwerp. Sony Corporation, however, has listed its stocks (in the form of ADRs), on the Vancouver, Toronto, Montreal and Midwest (Chicago) stock exchanges. Its stocks are now listed on 14 overseas exchanges.

When Sony announced the listing of its stocks in Chicago in October last the company said it took the measure because trading in the stock there had increased sufficiently to rank it among the 10 most active shares. The company said listing would benefit investors and *dealers there, as it would* mean more company information for them.

The company also said listing of its stocks overseas would improve its image among both investors and consumers and give the company better opport*unities of raising funds in capi*tal markets overseas by issuing new shares or floating new bonds. Listing, however, involves costs such as compilation of necessary documents (including consolidated statements, which are not required under Japanese law at present, legal fees, and get-togethers to explain the company's position to investors and dealers.

Earliest

A large part of *overseas list*ing of Japanese stocks took place or was planned in the 1972-74 period, when Japan had an economic boom at home and plenty of dollars overseas. The *earliest was the listing of five* stocks in London and Luxembourg in 1964. Two more were listed in Luxembourg in that year. Mitsumi Electric Company was listed in Frankfurt in 1969. This did not prove a great success, as the company's business deteriorated subsequently; *it has since improved again.* Eight more Japanese companies were listed in Luxembourg and Amsterdam in the same year and 13 in the same two exchanges in the following year.

Sony's shares were listed in the New York Stock Exchange in September, 1970, one year ahead of Matsuchita Electric Industrial Company.

Manufacturers of electric appliances such as colour TV sets are foremost among Japanese companies whose shares are being traded in overseas stock exchanges. This is both because they had good business during the past boom periods and because their names were already known to some *extent in export markets: they* wanted them to be known better. Omron Tateishi Electronics Company said it h[illegible] *stocks listed in the Far* and Kamnang Stock Exch[illegible] because it had manufact[illegible] plants in Malaysia and S[illegible]pore.

Other companies with s[illegible] listed overseas include [illegible]sentations from textiles, c[illegible]cals, machinery, trading, [illegible]struction, cosmetics, ca[illegible] and films, printing, prefabr[illegible] buildings, machine tools, [illegible]ping, shipbuilding, depar[illegible] *stores, super-markets,* secu[illegible] companies and banking.

The Kawasaki Kisen K[illegible] Company, which had its s[illegible] *listed in Antwerp, Brussels* Frankfurt in June this year [illegible] it had no more plans to li[illegible] shares on other overseas [illegible]changes, mainly because its [illegible]ness was in recession. [illegible] other companies are believ[illegible] be taking the same line.

At the same time, how[illegible] Japanese companies are an[illegible] to raise more loans in ove[illegible] markets to diversify [illegible] sources of borrowings. Thi[illegible] evidenced by a *rush* of ap[illegible]tions for issuing external [illegible] and debentures by Jap[illegible] companies after the Jap[illegible] Government lifted its ba[illegible] their flotation late last ye[illegible] view of an improvemen[illegible] Japan's balance of payme[illegible]

Flotation of external [illegible] and debentures increases [illegible] need for more listing [illegible] Japanese stocks overseas. [illegible] of the early listing of Jap[illegible] stocks derived from the i[illegible] of convertible debentures [illegible]seas. More recently, Kom[illegible] which issued a $50m. con[illegible]ible debenture in the U.S. [illegible] Europe in July this year [illegible] its stocks in the American [illegible] Exchange and in Luxemb[illegible] *in the same month.*

Saburo Matsuk[illegible]

Australia: build-up to a showdown

From KENNETH RANDALL, Canberra, November 11

THE CONVENTIONS of Westminster-style Government were turned on their ear in Australia to-day, as they have been so persistently in the past two years. But where the previous *examples were the work of politicians*, to-day's was the work of the Viceroy. Sir John Kerr, the Governor-General, sacked the elected Government in the name of the Queen and in defence, he insisted, of the Australian constitution.

Only once before in Australia has the monarch's representative dismissed a Government. That was in 1932 when Sir Phillip Game, as Governor of New South Wales, sacked the depression-era Labor Government of Mr. Jack Lang, then Premier of the state, largely because *of its decision* to repudiate foreign debts. The scars of that conflict have never faded but they have been no deterrent to Sir John Kerr.

"This is a matter," he declared to-day, "on which my own mind is quite clear, and I am acting in accordance with *my own clear view of the* principles laid down by the constitution and of the nature, powers and responsibility of my office." The Australian constitution is a technical legal document—an Act of the British Parliament, in fact—and Sir John Kerr is an eminent jurist. History will have to judge the appropriateness of his juridical pronouncement to-day.

On every issue of substance in the affair, the Governor-General's view was directly at odds with the Prime Minister's. That in itself will be a central issue of the forthcoming election campaign. *In the eyes of* Mr. Gough Whitlam and the Labor Party, Sir John Kerr's legalism is a reversal of a 200-year process of Parliamentary evolution.

Conversely, of course, the conservative parties — Mr. Malcolm Fraser's Liberal Party and the National Country Party led by Mr. Douglas Anthony—applaud the Governor-General's intervention, which produces precisely the result they had sought. "The Governor-General *was left with no alternative*," Mr. Fraser declared to-night. "He has acted in accordance with his duty under the constitution."

Blend

The facts of the matter are that Parliamentary Government in Australia has been a blend of Westminster convention and local legalism for 75 years, with *neither component dominant*. Mr. Whitlam overstates the strength of established convention in the local context, Mr. Fraser overstates the accepted force of the legalistic view. Sir John Kerr's view is unquestionably on the side of the law and an interventionist role for the Crown.

The constitution does not even mention a Prime Minister. It describes a system of government by a Parliament comprising the Sovereign, the Senate and the House of Representatives. There is no recognition of the Cabinet system, and certainly none of the convention that governments are made and unmade only in the House of Representatives, the "popular" chamber (the Senate gives equal representation to all states, irrespective of population).

According to the constitution, "The *executive* power of the Commonwealth is vested in the Queen and is exercisable by the Governor-General . . ." and there is not the slightest legal *doubt of it*.

But, until last year, the essential conventions to go with such a system were carefully observed and even updated where necessary. When proportional representation was introduced for Senate elections in 1949, for example, it was quickly established that casual vacancies (filled by state Parliament appointments) should maintain the pre-existing party balance.

The conventions were eroded, ironically, by excessive stability—23 years up to 1972 without a change of government. When the change did come, perspectives on both sides were distorted as a result of their having been formed only in Government, or only in Opposition.

In April last year, the Opposition, under Mr. Billy Snedden, took the unprecedented action in the Senate of refusing supply to the Government unless it agreed to general elections. Mr. Whitlam accepted the convention for prime ministers without funds and advised the Governor-General to call the elections.

When the present Opposition, under Mr. Fraser, adopted the same ploy last month, Mr. Whitlam ignored precedent and invoked convention. He insisted that the Senate could not dictate the timing of elections and that the Governor-General could accept advice (including advice about *elections) only from the* Prime Minister. Otherwise, he said, the system must founder.

Along the way between these two events, another convention had fallen. The Conservative-controlled Parliament of New South Wales chose to send non-Labor replacements to the Senate for two Labor Party senators (one was elevated to the High Court bench, the other died).

Essentially, what is now in *question is the* convention that the Governor-General does not make political judgments: "The decisions I have made," Sir John Kerr said to-day, "were made after I was satisfied that Mr. Whitlam could not obtain supply." He satisfied himself by discussions with the party leaders and by "having regard to (their) public statements." Mr. Whitlam argues that the Opposition senators—or at least the necessary two of them—*would have cracked before the* Government ran out of money.

Having made up his mind, Sir John consulted Sir Garfield Barwick, the Chief Justice of the High Court of Australia, (and formerly a Liberal Party Attorney-General). Mr. Whitlam objected to that, too, on the ground that the High Court has no power to offer advisory opinions.

Having decided that there must be general elections to resolve the situation, Sir John *says frankly in to-day's statement* that he would have rejected any other advice, even though it meant withdrawing Mr. Whitlam's commission as Prime Minister so that "he would not be Prime Minister and not able to give or persist with such advice."

Now, the 29th Australian Parliament is dissolved on the constitutional grounds that it was deadlocked. In the end, it was *not the withholding of supply* but the Senate's failure to pass 21 other Bills which constituted the basis for dissolution.

Mr. Bob Hawke, the President of both the Labor Party and the Australian Council of Trade Unions, warned solemnly to-night that "Australia is on the *edge of something quite terrible*. We don't want violence in the streets and anarchy to replace the democratic process. There has never been a greater provocation *of the industrial labour* movement in this country but we have a responsibility to show that we can win by going to the people on the facts and the issues."

Immediate reaction to the Government's dismissal offers little hope that the coming election campaign will be without violence. Even before the shock of Sir John Kerr's actions, the Opposition's challenge through the Senate had produced a *polarisation* comparable with that of the Vietnam elections of the 1960s. In the present atmosphere, neither side's definition of "the facts and the issues" is likely to tone down the bitterness.

Even with a further "fair go" reaction in their favour, Labor's chances of winning the election remain remote. The milling, emotionally pro-Labor crowds which besieged Parliament House in Canberra to-day launched the Labor campaign on a euphoric note which must, nevertheless, have alarmed some of the watching Liberal MPs. But the Liberals, already better equipped and far better financed on the organisational side, have won a highly significant bonus in depriving Labor of office for the duration of the campaign.

So short

If they have a serious problem, it may be that the election campaign is so short that the emotion of the moment may tend to swamp the appeal of a claim based, as Mr. Fraser put *it to-day, on "three years of* grossly incompetent and damaging economic mismanagement."

If the election confirms Mr. Fraser as Prime Minister, however, he faces a reaction from the industrial labour movement which makes nonsense of the general business and stock exchange reaction to-day. Apart from the fact that it will be three to four months before an effective government can begin operating again, Mr. Fraser *would need time for economic* recovery just as much as a Labor Government.

His most recent estimate, even given the advantage of starting with his own budget, was that there could be little significant improvement in less than three years. The fate of *such fragile, but vital, initiatives* as wage indexation—an essential part of the recovery calculations—must also be uncertain.

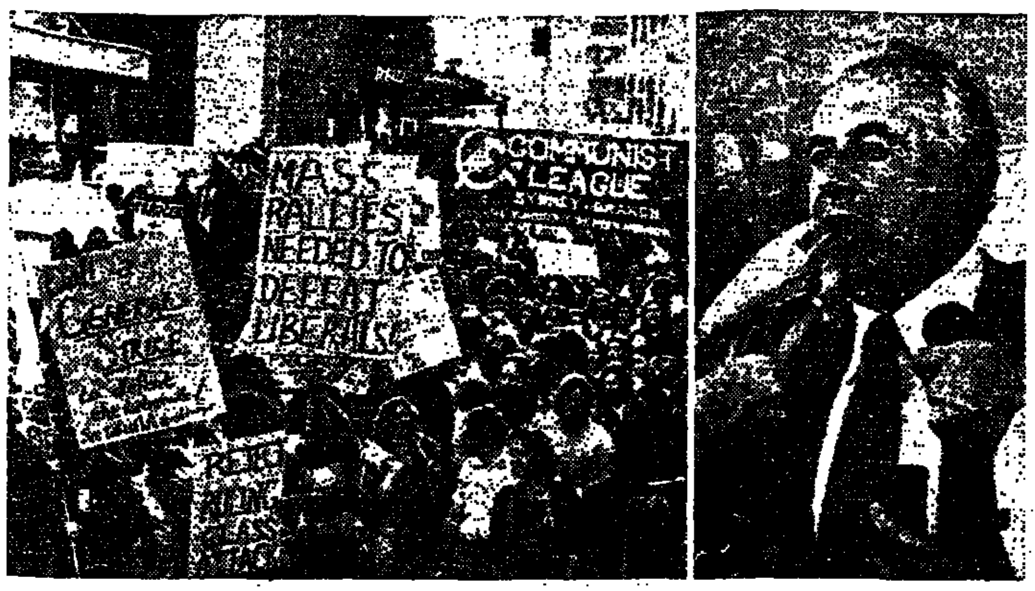
Mr. Fraser is pledged to abolish the Prices Justification Tribunal, which is regarded by the trade unions as the vital trade-off for their support of wage restraint policies and compulsory arbitration. It seems improbable, however, that specific issues will play much part in the struggle for the electorate over the next four weeks. With two *supreme egotists* contending for the prime ministership, there will be no flinching from the personality clash. Mr. Whitlam and Mr. Fraser have already made that clear over the past month. And despite yet another convention, there can be little doubt, either, that the institution of the Vice-Regency will be flayed as never before in a political contest.

Mr. Whitlam has expressed the view that public reaction will at least ensure that an action like Sir John Kerr's to-day can never be repeated. But *his shock and animosity at the* Governor-General's intervention was undisguised.

It is less than 18 months since Mr. Whitlam *proposed* Sir John Kerr's name to the Queen as his choice of Governor-General to replace Sir Paul Hasluck. Sir John's appointment in July *last year was well received* in practically all quarters.

Born the son of a boilermaker in Balmain, a working-class *suburb of Sydney*, John Robert Kerr had carved out a brilliant career at the Bar, capped with his appointment as Chief Justice of New South Wales. Sir John's political connections were all on the Labor side of the spectrum, but markedly on the Right—so much so, that even last year he was regarded with suspicion by the Left. They dubbed him a "grouper"—a term reserved for the anti-Communist industrial group *supporters of the 1950s* who eventually broke away from the Party to form the Democratic Labor Party.

There are few more disparaging terms in the Labor lexicon to-day. There may be more after the next few weeks.



In Sydney (left) demonstrators took to the streets yesterday to protest at the removal of the **Prime Minister while in Canberra the ousted Mr. Gough Whitlam (right) addressed crowds outside the Parliament building.**

Letters to the Editor

Corporation tax must go

From Mr. B. Cole

Sir,—One of the considerations in discussions of Sandilands and inflation accounting is the calculation of profit for tax purposes. The present stock appreciation relief is a crude and very unsatisfactory attempt to avoid taxing unreal profits. Whether or not a Royal Commission is set up, it is clear that in the next few years a great deal of thought and debate will be devoted to refining the *measurement* of taxable corporate profits.

I would like to suggest that this effort could be better applied in a quite different direction, namely in a complete rationalisation of the tax system in a way which would abolish all taxation of corporate profits. It is generally agreed that our tax system is too complicated, and that we have too many civil servants. The Inland Revenue in particular is overworked and understaffed. A simplification of the system would improve this situation, produce more open government and contribute to greater efficiency in the *whole economy*.

The only taxes which are necessary are income tax and VAT, that is tax on income, representing ability to pay, and on spending, being consumption of national resources. Income for tax purposes could be widened in scope to include capital gains (adjusted for infla*tion), inheritance, capital transfers*, etc., while VAT could replace specific excise duties and, in particular, corporation tax.

The case for the abolition of *corporation tax seems irrefutable*. Company profits are not comparable with personal income, and it is only dividends that need to be taxed. Retained profits are investments, and it is surely madness to tax investments in our present situation! What is more, the investments we tax are those made by efficient companies, those who make profits. Inefficient companies which make losses and have to borrow or rely on Government grants for their survival or investments, are not subject to this tax. In economic terms this represents a transfer of resources from those who can make good use of them (in the national interest as well as the interests of shareholders and employees), to those who can only misuse them.

It will not be easy to achieve *this change. There are many* class attitudes involved, much ignorance and mistrust, as well as the practical problems of breaking new ground in national *taxation policy. Many of these* problems are likely to be faced in the process of applying Sandilands to taxation; let us not waste time on this process, which *is tinkering with a fundamentally* bad principle. Let us use the time and effort instead to make the fundamental change to an economically adult society.

The nation should be trusted to know just what it pays in tax, and to understand that a profit for ICI or British Leyland is not the same as the managing direc*tor's salary or the shop steward's* wage—or the shareholder's dividend. If we can achieve this understanding, we can also enjoy the real benefits which could de*rive from the abolition of corpo*ration tax.

B. A. Cole.
Drake Wood,
Devonshire Avenue,
Amersham,
Bucks.

Company tax system

From The Chairman,
Trebor, Sharps.

Sir,—The country needs further industrial investment and some say that it would also be better if dividends paid by companies were less. I have recently received a circular from a consultant suggesting that companies should be taxed solely on the dividends they pay.

It would clearly be relatively easy to devise a company tax system which taxed dividends only: for instance, in the U.S. if company tax was one and a half times dividends the amount of company tax received by the Exchequer would be similar to its present level.

This type of tax system would influence companies to pay less dividends, thereby forcing shareholders to save since funds not distributed would be available to companies for investment, and *dividends available for personal* consumption would be reduced. Both these effects can be counted as "good," and since there are few tax systems which cause *good things to be done*, I recommend this one.

John Marks.
Trebor House, Woodford Green, Essex.

Help for small firms

From The Chairman,
Brian Woodhead and Co.

Sir,—Mr. C. M. J. Richardson's letter (November 4) will no doubt arouse considerable discussion: may I contribute a different view?

I believe there could be serious drawbacks if Government were to pay 50 per cent. of *all* consultancy fees for smaller organisations (as opposed to *special public interest* "rescue" operations). The attitude of the client is crucial to any consultancy project. Only if he can be persuaded to employ consultants *on their reputation for giving* value for money is he likely to have the right attitude. It will not help if he, perhaps reluctantly, accepts Government participation in what may be a delicate operation on the heart of his business or sees consultancy as just a Government hand out.

Commercial pressure for con*sultants to continue giving value* for money could also be eroded by subsidies, and in the long term that would be bad for consultants and clients. *I confirm* Mr. Richardson's statement that consultancy costs are frequently recovered within 12 months—surely as good an investment as any and better than most. Why then a *general subsidy*, except where large sums are involved?

I question whether large sums and massive injections of consultancy over a short period are justified or appropriate for smaller organisations. There is the danger of "indigestion" where the firm cannot absorb the rate of change and support frequently needs to be long term.

The low cost solution to smaller organisations' need for *management* support lies in the use of part-time directors or counsellors over a period of a year or more. Management consultants or other persons with *wide or specific in-depth* management experience can be selected to complement the organisations' existing strengths. There is an ample supply of available *people of the right calibre and* qualities.

A. B. Woodhead.
107, Harborne Road,
Edgbaston,
Birmingham.

Consultancy assistance

From Mr. F. Davidson.

Sir,—It is not surprising that the call for subsidised consultancy assistance should come from the beleaguered citadels of consultancy (Mr. Richardson, November 4), rather than from the owners and managers of *small businesses, who are* notoriously sceptical of the benefits of using consultancy services. The pilot schemes in Bristol and Glasgow some years ago attracted *many inquiries, but it is to be* doubted whether there were many which generated assignments resulting in a significant increase in the gross national *product*.

Consultancy services usually sell on economics of installation, perhaps of costing systems, computers, structures, strategies, *marketing models or some other* desiderata. Long ago they sold on the economies to be achieved by production incentive schemes, and laborious savings reports spelled out the reductions in wages bills resulting from the application of piecework schemes. Government subsidy, if it is to be applied, will almost certainly be available only to those assignments which can demonstrate crude savings: if the scheme is to be available to small companies only, we run into difficulties of definition, as ICFC people know well—what is a small company? Of course there must be some scrutiny of the consultant organisation—membership of the MCA? That *would preclude some illustrious* practitioners; it would be equally valid to make AA membership a qualification for bus drivers.

The biggest obstacle in the way of using consultancy services in the small company, apart from credibility, is cash flow. Although a good consultancy job can generate a return on investment comfortably above most capital projects, and its cost can be treated as a revenue expense, small companies often jib at the apparently high cost and its compressed impact. The charm of Government subsidies lies in halving the impact, not in justifying the use of consultancy.

Selective application of state aid to particular industries is a nonsense, because of the same trap of definition. The sturdy independence of small businesses eschews bureaucratic aid—how much would it cost the tax-payer to pay £100 worth of fees? And what would the effect be on the people who now provide help *unobtrusively to the small company* at comparatively low cost—auditors, professional advisers, non-executive directors? Those of us who are concerned with the profitability *and survival* of small companies would be grateful for less state intervention, rather than the support of consultancy services through taxation. We will always use outside advice when it can justify itself; from the state, free help with the clerical burden of VAT would be more welcome than *paternalism*.

Frank Davidson.
Courtyard House, Harringworth,
Corby, Northants.

Workers as owners

From Mr. T. Simms

Sir,—One of the main points made by Sir Bernard Miller in his Ernest Bader Common Ownership lecture (reported on November 3) is easy to accept—that is that worker ownership will do much to disperse the *polarisation which is now so* destructive to our industrial efficiency.

We can all see the disastrous results of allowing responsibility to become separated from authority, and when the consequences of people's actions are not clearly and immediately apparent to those involved. When workers own their particular enterprise they take on board the responsibility of running the business, to match their "authority"—they become responsible for the future of their business, including its profitability, assessment of investment risks etc.

But would not a society in which most industrial activity was organised on a worker ownership / partnership / commonwealth basis be likely to be just as strife-ridden as our present system? Instead of the battle lines being drawn between the unions and management or workers and owners, they will be drawn between rival enterprises competing for orders, workers (partners) and perhaps even capital. Our present system with all its shortcomings does at least make life simple for most people—they know where they stand (or at least they think they do) and they probably feel *happier* and perhaps *even more* secure "on their side of the fence" rather than identifying themselves with the owners, with the added responsibility implied *by ownership. On balance and* since we clearly have a need in our *society for us to take more* responsibility for our actions. I see this as another argument (perhaps the main one) to support the idea of common ownership.

But let us be quite clear about the implications of this. A market economy is just as essential to the successful operation of partnerships as it is to other business enterprises and rather than the co-ownership/partnership philosophy steering us away from a capitalist society, won't it have the opposite effect? If all our industrial activities were organised as partnerships, people would have no option but to be capitalists—with a small "c," because presumably they would not be free to use their own capital outside their own businesses. This is not intended to be as cynical as it might sound and Sir Bernard is obviously under no illusions about the implications of these aspects. Perhaps we are all "capitalists" at heart?

Certainly experiments like the John Lewis Partnership and the Scott Bader Commonwealth display the kind of imagination which is essential to our survival and we must glean all we pos*sibly can from their experience*. Before drawing any conclusions however we should bear in mind that in neither of these organisations do the workers or partners *put up or own any of the capital* employed—their position is rather like our all becoming "shareholders" in British Rail, British Leyland, etc., from the *moment we are born*. Perhaps not a happy comparison but if the partners put up their own money (for example, by mortgaging part of their wages/future *profits) they might assure themselves* of more success than we achieve in our national "partnerships."

Complete ownership by workers, however, (even supposing they wanted this), in seriously reducing the mobility of capital would inhibit innovation and new ventures. Perhaps the points made by Mr. Simon (November 6) and Mr. Joseph (November 7) would be sufficiently met by allowing a limited amount of capitalisation through equity, and/or the Government in some cases. The banks also would still have a useful if not vital role, in such an industrial structure, in which they too *might be "co-operative."*

T. E. Simms.
49, Heaton Grove,
Bradford 9, W. Yorks.

To-day's Events

GENERAL

European Parliament meets, Luxembourg.

Mr. Peter Shore, Trade Secretary, begins visit to Cuba.

Mr. Anthony Wedgwood Benn, Energy Secretary, gives evidence on energy conservation to Energy Resources Sub-Committee of Select Committee on Science and Technology, House of Commons.

Mrs. Barbara Castle, Social Services Secretary, speaks at Women's National Commission meeting, St. Ermin's Hotel, S.W.1.

Mr. Earl Butz, U.S. Secretary for Agriculture, visits EEC Commission, Brussels.

National Federation of Self-Employed holds mass rally, Central Hall, Westminster. Speakers include Mr. Peter Walker MP, and Mr. Cyril Smith MP.

Renegotiation of Canada-West Indies trade agreement starts, Ottawa.

Offshore Financial Centres, a two-day conference organised by Financial Times and the Banker, ends in Nassau.

Arts Council annual report published.

Machine Tool Trades Association annual dinner, Grosvenor House, W.1.

PARLIAMENTARY BUSINESS

House of Commons: Consideration of any Lords amendments received. Debate on Welsh affairs.

House of Lords: Community Land Bill, consideration of Commons message. Debate on Government direct grant policy.

Parliament will then prorogue until opening of new session on November 19.

COMPANY RESULTS

General Accident Fire and Life Assurance Corpn. (third quarter).

J. Sainsbury (half-year).

Unilever (third quarter).

COMPANY MEETINGS

London and Strathclyde Trust, 2, St. Mary Axe, E.C., 11.

Miln Marsters, 10, Belgrave Square, S.W., 11.

Trafford Park Estates, Manchester, 12.

EXHIBITIONS

International Building and Construction Exhibition opens, Olympia.

International Caravan and Camping Show continues, Olympia.

Scottish Motor Show continues, Kelvin Hall, Glasgow.

American Printing Equipment and Graphic Arts Exhibition continues, U.S. Trade Centre, 4-5, Langham Place, W.1.

Automated Production and Electrical Engineering Exhibitions continue, Belle Vue, Manchester.

Traffic Engineering and Road Safety Exhibition continues, Metropole Centre, Brighton.

Home Improvements and Leisure-time Exhibition continues, City Hall, Manchester.

Code of conduct launched for car repairers

BY ELINOR GOODMAN

A NEW CODE of conduct for the car repair trade has been launched by the Vehicle Builders and Repairers Association, which called on the Government yesterday to introduce a licensing system for garages dealing in accident repair work.

The association, which claims to represent 70 per cent. of the accident repairers in this country, wants the Government to start licensing vehicle repairers in the same way as it licenses employment agencies. Only by doing this, the association says, will ill-equipped "rogue" garages be prevented from handling repair work.

The VBRA's new code, which was welcomed by the Office of Fair Trading, formalises the terms of practice already offered by many of the association's members. Even so, by comparison with the rest of the motor trade, it is a big step forward.

The code provides for a written estimate of the cost of repairs to be submitted to customers. If the estimate proves too low, the garage must get the customer's permission for the extra work. Similarly, repairers will have to provide customers with invoices, separating the cost of labour from the cost of materials.

VBRA will also accept responsibility for vehicles in their charge and will guarantee all work and materials for at least six months or 6,000 miles of use. The guarantee may be extended if the vehicle has been off the road for a prolonged period and can be transferred to a new owner if the car is sold during the period of guarantee.

The VBRA has also undertaken that if a dispute arises between a customer and a member, the customer can submit the complaint to the association's conciliation service. An independent examiner from the Institute of Automotive Engineer Assessors will try to produce a settlement based on the facts at his disposal and, if necessary, an examination of the car.

The fees of the examiner will be paid by VBRA. A contingency fund has also been set up by the association to meet any settlements suggested by the examiner in cases where the member has ceased trading.

If conciliation does not result in a settlement, the customer can ask for an independent judgment from an arbitrator appointed by the *Institute of* Arbitrators from a panel approved by the Director General of Fair Trading.

Dan-Air seeks to reduce Swiss fares by 15%

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DAN-AIR, the U.K. independent airline which runs a scheduled air service between London and Berne, Switzerland, is seeking to cut the fare by about 15 per cent., equivalent to a saving of about £12.40 on the economy return rate and £8.90 on the *monthly excursion* rate.

The airline says it uses HS-748 turbo-props on the route, instead of One-Eleven jets, because of runway restrictions at Berne's airport. This means the flight takes 45 minutes longer, for which Dan-Air wants to compensate passengers.

Dan-Air says the present fares, fixed by the International Air Transport Association, at £101 economy return and £71.80 excursion return, are higher than they need be. It can still operate the route profitably with lower fares.

Middle East art fund drops Cayman Is. plan

BY MICHAEL THOMPSON-NOEL

PLANS to launch a $25m. art investment fund aimed at Middle Eastern buyers have been changed. The Middle East Fine Art Investment Company, whose directors include leading figures in the London art market, was to have set up a Cayman Islands-based fund to funnel Middle Eastern and Gulf capital into the London and international art markets.

Instead, says Mr. Charles Farrell, chairman of Montagu Fine Arts and one of MEFAI's directors, the company will now manage its clients' investments direct. The chief interest so far has been shown by Kuwait.

The company's other directors include Sir Geoffrey Agnew, *chairman of Thos. Agnew and* Sons, Lord Glendevon, a prominent collector, M. Georges de Montenach, a Swiss lawyer, and Herr Heinz Haudenschild, a director of the Compagnie de Gestion et de Banque Gonet.

FT CLIPPER RACE

Storms hit Great Escape

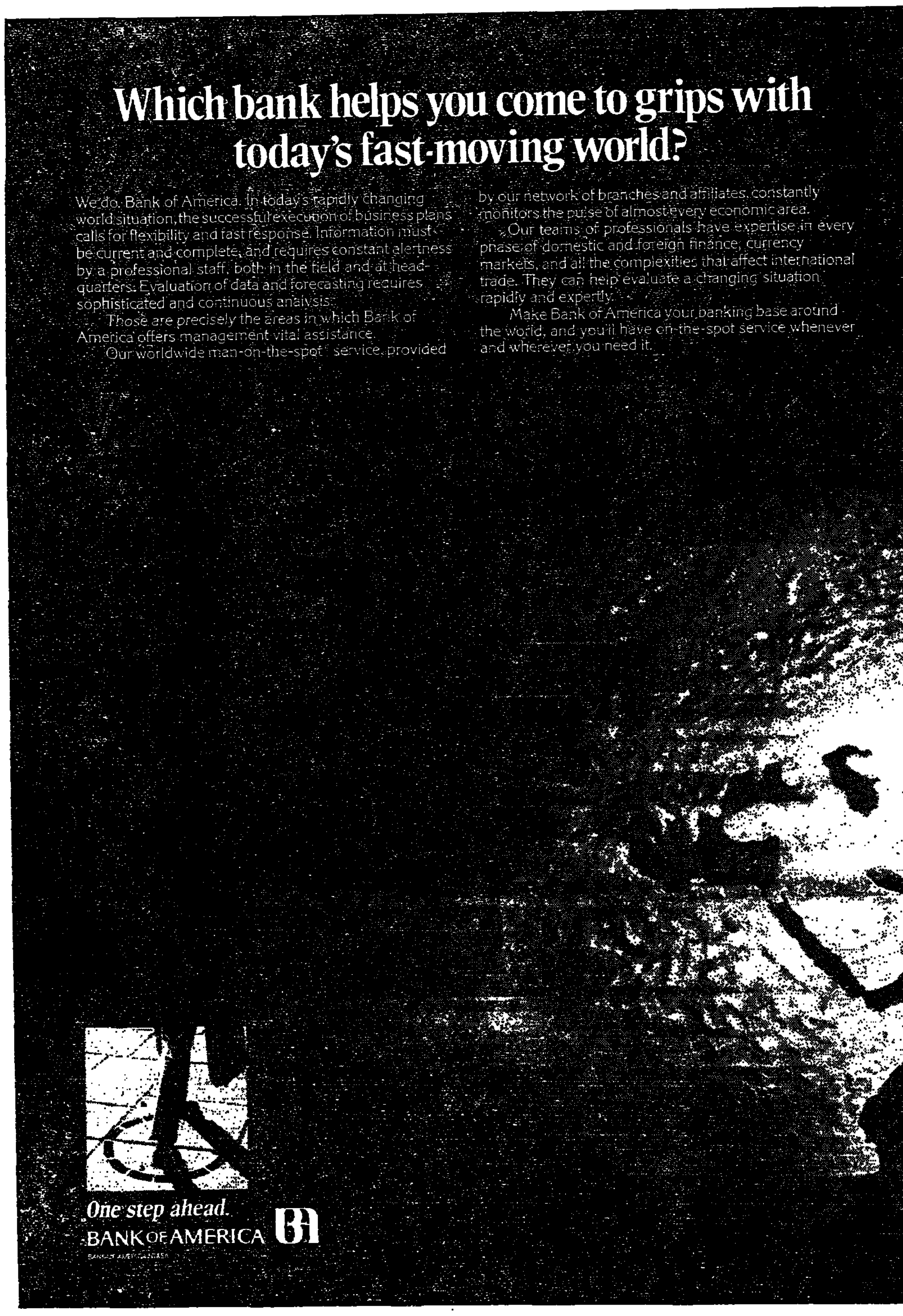
Financial Times Reporter

THE DUTCH boat The Great Escape was experiencing severe storms off the Kerguelen Islands *yesterday as she made her way* through the Indian Ocean in the Financial Times Clipper Race to Australia and back.

Her position at noon GMT on Monday was 43° 10' south, 58° 20' east when she reported steering damage and slight slackness in the rudder shaft bearing. The day before the radio operator Sjerp Noord had badly bruised his ribs after he had fallen onto the deck when working up the mast.

There has been no report from the Italian boat CS e RB II since October 29 but she is thought to be taking a very southerly route in an area notoriously difficult for radio communications.

It has now been admitted by the Great Britain II crew, winners over the line of the first *leg, that at one point they lost* a man overboard. The incident occurred when changing a headsail, which fell on top of the foredeck crew, knocking one over. However, he was quickly recovered.



APPOINTMENTS

Changes at Fielding and Platt

Mr. Leslie A. Spooner has been appointed engineering director of *FIELDING AND PLATT* and Mr. H. John H. Pugh has joined the company as manufacturing director. The parent concern is Redman Heenan International.

★

Mr. J. B. Brighouse has been appointed managing director of BROOKE BOND OXO in succession to Mr. Norman Bingham, who will be leaving the group at the end of the year at his own request.

★

Mr. Maurice Bonnet has been appointed president du directoire of BANQUE DE LA SOCIÉTÉ FINANCIÈRE EUROPÉENNE. He replaces Mr. Peter Hartmann who for personal reasons has asked to be relieved of his duties. Mr. Bonnet will continue in his capacity as president and general manager of the International Nuclear Credit Bank.

★

Mr. Bob Wixey, managing director of Hempsalls of Tuxford, has been appointed a director of UNITED AGRICULTURAL MERCHANTS, which is a subsidiary of Unilever.

★

Mr. Derek H. Morrison-Jones has retired as a director of DEVELOPMENT SECURITIES.

★

Mr. Peter Raven, joint managing director of Ultramar Golden Eagle, has been appointed a vice-president of AMERICAN ULTRAMAR and will be resident in the group's operational headquarters located outside New York City for two years. Mr. Edward Hall has been appointed deputy managing director of Ultramar Golden Eagle, the U.K. marketing subsidiary of the Ultramar Group.

★

Mr. Howard James, has been appointed to the Board of WESTERN AUSTRALIAN INSURANCE as executive director.

★

Mr. Derek Rogers has been appointed to the Board of IMI OVERSEAS INVESTMENTS and will act as IMI territorial director in Spain. He will be responsible to Dr. T. A. J. Lamb, IMI overseas *director.*

★

Mr. W. K. Tyler has been appointed a director of LEY'S MALLEABLE CASTINGS with specific responsibilities as works manager, Lincoln, and administrative services manager for the company, which is the largest subsidiary of Ley's Foundries and Engineering.

★

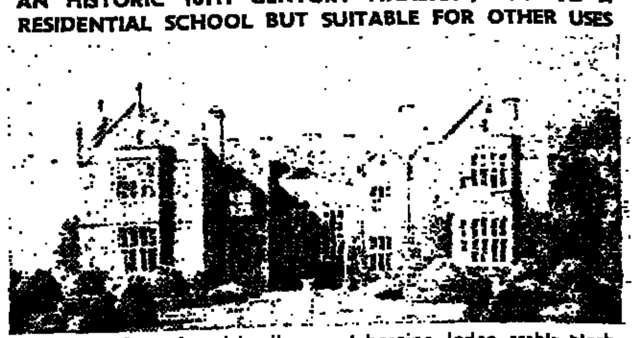
The appointment of Mr. W. Dekker, chairman and managing director of Philips Electronic and Associated Industries in the U.K., as a member of the Board of management of NV PHILIPS GLOEILAMPENFABRIEKEN in Eindhoven from April 1, 1976 will be proposed to an extraordinary meeting of shareholders on December 4. It is intended to appoint Mr. G. Jeelof as chairman and managing director of Philips Electronic and Associated Industries as from April 1.

★

The Bowring Group and Mollers (Insurance Brokers) Pte. have formed a joint company in Singapore named BOWRING MOLLERS PTE. The Board consists of Mr. P. L. B. Stoddart, Mr. P. L. Eckersley, Mr. D. J. Cowley (managing director), Mr. H. H. Holgate and Mr. M. S. Robson.

APPOINTMENTS

RESIDENTIAL PROPERTY



LONDON HOUSES AND FLATS

PUBLIC NOTICES

BEDFORDSHIRE COUNTY COUNCIL BILLS
£4m. issued 29.10.75, due 28.1.76 at a rate of 11 31-64%. Total applications were £36.5m. and there are no other bills outstanding.

CITY OF BRISTOL BILLS
£2m. issued 12.11.75, due 11.2.76 at a rate of 11%. Total applications £18m. and there are no other bills outstanding.

LOCAL AUTHORITY BILLS
£200,000 Cannock Chase District Council Bills issued 29th October, 1975 due 28th April, 1976 at 11%. There are no Bills outstanding.

METROPOLITAN BOROUGH OF STOCKPORT BILLS
£1m issued 12.11.75, due 11.2.76 at a rate of 11%. Total applications £7m. and there are £1m. bills outstanding.

METROPOLITAN BOROUGH OF WIGAN BILLS
£500,000 issued 12.11.75, due 11.2.76 at a rate of 11%. Total applications were £4m. and there are £2m. bills outstanding.

SUFFOLK COUNTY COUNCIL BILLS
£2m. issued 11.11.75, due 10.2.76 at a rate of 11%. Total applications £21m. and there are no bills outstanding.

WELWYN HATFIELD DISTRICT COUNCIL BILLS
£500,000 Bills were issued on the October 1975 to mature on the 28th January, 1976 at 11% per cent. Applications totalled £5,500,000 there are £500,000 Bills outstanding.

COMPANY NOTICES

LEGAL NOTICES

No. 003038 of 1975
IN THE HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of A. SHEPPARD (CON*STRUCTION) LIMITED and in the Matter* of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 6th day of November 1975, presented to the said Court by HALL & CO. (THAMES VALLEY) LIMITED, whose registered office is at RMC House, 53/55 High Street, Feltham, Middlesex, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 8th day of December 1975, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his counsel for that purpose: and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

YOUNG JONES GOLDING PATTERSON,
2 Suffolk Lane,
Cannon Street,
London EC4R 0AU.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 5th day of December 1975.

CHRISTMAS GIFTS

CONTRACTS AND TENDERS

EXTENSION OF INVITATION TO TENDER FOR REMOTE CONTROL PROJECT

The Syrian Petroleum Company extends the closing date of Tender File 45 Remote Control Project on a turnkey basis comprising the design, supply, installation, commissioning and operation of a large advanced computerised Supervisory and Control System for the oilwells gathering stations of the Rumeilan oil fields in the North-east of Syria until 1st December 1975.

Eng. ISSA IBRAHIM YOUSSEF
General Director

Syrian Petroleum Co.,
Tender Department,
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Indonesia wants foreign help in developing its capital markets, yet overseas banks there have recently been criticised. Michael Blanden examines the contradictions.

Mixed emotions behind Indonesia's welcome to outside expertise

OREIGN banks operating in ndonesia came in for some ointed words of criticism from he country's central bank overnor recently. His main nessage, in a speech at the pening of the new premises f European Asian Bank in akarta, was that they should pend rather less time and nergy chasing the business f big international companies nd more helping the small nd medium-sized local entre-reneurs.

In a country where the num-ers of foreign banks are limited —only 10 operate there—and heir activities subject to fairly xtensive restrictions vis-a-vis he local and State banks, the emarks of Mr. Rachmad Saleh rovide an example of the ontradictions which run rough Indonesian politics and conomic development.

Resources

Indonesia has considerable atural resources—particularly, t present, oil—and a large and apidly growing population. To ulfil its vital development pro-ramme, the country desperately eeds to retain the confidence f international investors and ankers; at the same time, there a need to sustain the coun-y's own self-confidence, and e two aims are not necessarily ompatible in all circumstances.

The Government of President uharto tries to present a pic-ure of an advanced developing ountry with a capital city which njoys full modern amenities. et, in spite of the growing umber of high-rise buildings ppearing in Jakarta, this is not t true. Basic facilities, such the telephone system, are in-dequate, and the lights go out uite often as a result of the verloading of the electricity etwork.

More seriously from the point view of banking operations d international investment. ndonesia has a good way to go efore it reaches western inter-ationally accepted standards of nancial activities and commer-al morality. The country has effective public capital arkets, and the authorities are xious to draw on foreign ex-ertise to help develop both ese and, in time, markets in rious commodities.

The administration, moreover, though large and absorbing a high proportion of the better-quality trained personnel, is overstretched, with the top technocrats carrying too much weight of decision-making. Many of these problems came together in the major crisis which the country faced earlier this year with the Pertamina oil and development corpora-tion.

President Suharto of Indonesia: his Government desperately needs to retain the confidence of international investors but at the same time has to sustain the country's self-confidence

Pertamina's inability to meet its commitments on foreign short-term debt has brought about changes that seem likely to mark a major turning point in relationships between the Government and the State enterprises. The quick official reaction to prevent loss of confidence, with the take-over of the corporation's liabilities, has probably prevented serious damage to the country's inter-national reputation. Indeed, the central bank has been confident of its ability to fund the short-term debts in the international markets.

It is arguable, too, that, with-out the extensive freedom of operation which Pertamina enjoyed under General Ibnu Sutowo, its president-director, the dramatic growth of the Indonesian oil industry and the extensive development under-taken by the corporation would not have happened. Neverthe-less, the outcome of the corporation's free-wheeling development has been a serious blow for the country which still poses a threat to its stability and continued develop-ment.

As a result the Government, through the Bank of Indonesia, has to find some $1.2bn. of foreign medium-term loans to fund Pertamina's external short-term borrowings, and there is concern also over the status of its $800m. long-term external borrowings and sub-stantial internal debt.

The situation has directly hit the Government, which has lost some $800m. of oil revenues which Pertamina was permitted to keep, as well as being a blow to the balance of payments and to the country's reserves. A major part of the country's addi-tional foreign exchange earnings from oil, instead of adding to the reserves, had to be used to pay off the corporation's debts. While Government officials ex-pressed the hope that the situa-tion should not seriously damage the country's development pro-gramme, it is difficult to believe that the setback will not hold it up to a significant degree.

Moreover, details of the Per-tamina situation, apart from the direct problem of the debts, have illustrated other aspects of the country's problems. One of these, the Krakatau steel pro-ject, was highlighted in a recent edition of the Australian-pub-lished *Bulletin of Indonesian Economic Studies*, which pointed out that this project, after a highly chequered history, is likely to be considerably cut back. It also pointed out that, while the industrial develop-ment there was still in an "embryonic" stage, facilities such as housing and social amenities were at an advanced stage of construction.

This has aroused comment locally about the need to re-strain luxurious and expensive consumer spending patterns among the limited number of people in a position to afford them at a time when the urgent need is to raise the general standard of living. One of the main points of Repelita II, the country's second five-year development plan which started in 1974-75, is to improve social and living standards. And it is recognised that, with a population of some 130m., grow-ing at a rate of 2.3 per cent. a year, and with substantial problems of under-employment already, the task is a heavy one.

This situation, as well as growing economic *nationalism*, is one of the reasons for increasing sensitivity about the problems of raising the level of indigenous business activity. Emphasis on encouraging the growth of the "pribumi" (ethnic Indonesian) share of production is seen in attitudes towards the local Chinese com-munity, which, as elsewhere in the region, has a strong economic position, towards the distribution of bank finance, and towards *foreign invest-ment*.

The growing emphasis on "Indonesianisation" in relation to foreign investment and joint *ventures, and moves* to reduce investment incentives and re-strict opportunities for foreign-owned enterprises in various sectors, are part of a changing pattern a long *remove from* the more pragmatic philosophy which dominated official atti-tudes up to 1973.

Opportunities

For all these reasons, there-fore, the signs are that there will be greater control exercised over the development of the Indonesian economy and greater emphasis on establishing more effective local markets and les-sening dependence on imported skills. The eagerness of banks to invest in the country and of manufacturers to gain a share of the potentially large market there is sign enough of the considerable opportunities for long-term growth seen in a country with substantial natural resources and an apparently stable if authoritarian political regime.

Industry 'needs to explain its role'

By Nicholas Leslie

GREATER ENERGY and clarity should be applied in bringing home to the community, parti-cularly to young people in their last years at school, the essen-tial role of industry and com-merce in producing the community's wealth "and also the challenge of a vocation in coming into industry and com-merce and involving their fellow-men in creative work."

This is one of four essential principles to which Mr. John Garnett, director of *the Indus-trial* Society, feels attention should be paid for the future of the country. In the annual report of the society's council for the year to June 30, published yes-terday, he also highlights the need to encourage people to play a full democratic part in their union by attending meet-ings, voting for officials and speaking up for what they think is right.

Mr. Garnett also stresses the importance of communications. He says people need to know *how* their organisation is per-forming and how they can con-tribute to their own prosperity. This calls for "the provision of information in an understand-able form about the productive use of all resources."

The society, with representa-tives of management and unions—it has 11 national trade union officers on its council—saw membership last year rise from 12,415 to 13,306. Its total income rose from £1.18m. to £1.48m., of which £1.17m. derived from income from training and advisory services.

Training

As an organisation providing advice and training in man-management and industrial relations, the society last year established courses in decision-taking and delegation, effective team building and on the manager in action for middle management.

It *is felt the most important* development was the 10 per cent. increase in in-company and in-service training which affected all parts of the country and all areas of the economy and amounted to a total 3,052 days.

More complaints through Airline Users' Committee

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE AIRLINE Users' Committee, set up some time ago by the *Civil Aviation Authority to* investigate complaints against airlines and travel organisers in this country, is becoming increasingly recognised by the *public and as a result* the num-ber of complaints it is receiving is growing.

In the year to September 30, for example, the AUC received 442 complaints, against only 181 in the previous year.

Although the AUC has no punitive powers of its own against offending airlines and agents, it can pass its views to the CAA which in turn can take action if necessary.

The ultimate sanction wielded by the CAA is suspension of an airline's operating certificate. *The airlines, as* well as the public, are increasingly recog-nising that the AUC thus has some "teeth."

An analysis of the complaints shows that by far the biggest single category, 43 per cent., is in "flight arrangements"—(including such problems as can-cellations, over-booking, and passengers transferred from one *flight to another arbitrarily*.

Complaints about fares accounted for a surprisingly small proportion of the total, about 23 per cent. The rest covered such matters as condi-tions of cabin service and of airports, and timetables, baggage handling and surface arrange-ments.

The complaints were also balanced between types of carrier, with 213 being directed against the airlines, both scheduled and charter, and 229 being *directed at tour organisers* and agents holding air travel organisers' licences issued by the Civil Aviation Authority.

Bankruptcies may reach record total this year

BANKRUPTCIES in Britain have soared to the highest level for 60 years—and are still rising—according to Professor Glyn Davies, of the University of Wales Institute of Science and Technology.

"Our present bankruptcy crisis is by far the most dismal in living experience, with nothing approaching it even in the depths of the depression of the 1930s," he warns in the journal The Banker.

Professor Davies adds that far more companies are now failing than at any time since the First World War.

Only once between 1919 and 1973 has the number of bank-ruptcies risen over 5,000 — in 1923. Yet even then the figure *was short by some 558 of* the record 5,606 last year.

The latest figures indicate the peak has not yet been reached, says the professor. This year's total could top 7,500.

"Nineteen seventy-four pre-sents us with an unenviable record figure of nearly £42m. of liabilities," he points out. This was more than double that of the previous two years.

Prof. Davies believes that the *average level of bankruptcies in* depression-hit Britain is rising in the long term as well as from one economic boom to the next crisis.

The average in the 1950s was 2,062, in the 1960s it was 3,691, and in the 1970s so far it stands at 4,641.

"Bankruptcy and unemploy-ment will continue to rise for another year to 18 months and thereafter, importantly and more surprisingly, will not fall back again to the lower levels before the crisis," he warns.

Heading the league table for bankruptcies *is the* building industry with 1,038 failures in 1974, leading to losses of £2,851,205. For business as a whole, the average liability worked out at £6,050 a case in 1973 and £9,358 last year.

COMPANY NEWS + COMMENT

Arenson down but orders now improving

TURNOVER OF office furniture and equipment manufacturers, A. Arenson (Holdings) fell from £7.08m. to £6.44m. in the year to July 31, 1975 and taxable profits fell sharply from £869,000 to £318,000 after an advance from £274,000 to £304,000 at halfway.

Chairman Mr. A. Arenson, however reports a "welcome improvement" in order intake over the past two months. While taking a cautious view as to the sales pattern immediately ahead, constructive steps are being taken to increase turnover and profit and to ensure that the company will be able to take immediate advantage of any upturn in world trading.

Profit for the year is after writing off £220,000 pre-operating expenses incurred in the second half in setting up the U.S. operation, extending markets and distribution facilities in Europe, and setting up new "President Works" in St. Albans.

Fully diluted earnings per 10p share are shown to have fallen from 9.4p to 2.79p. The dividend total is raised from 1.7912p to 1.9115p with a final payment of 1.2826p net.

After tax of £171,000 (£452,000) the net balance comes out £270,000 behind at £147,000.

The chairman explains that the decrease in turnover resulted from a substantial fall in orders. While some downturn was expected, this was at a much higher level than anticipated, due to severe customer destocking and the general despondency in commerce and industry.

The directors are convinced that incurring the pre-operating expenses together with their unchanged determination to implement their planned programme, will prove to have been right for the company and they have every confidence that the benefits accruing from them will be clearly apparent in the future years.

Exports for the year have "surged ahead," almost doubling over last year to break through the £1m. barrier for the first time.

● comment

In the wake of severe destocking in the office furniture markets, A. Arenson's £10m. sales target has had to be pushed forward by a year or so. Second-half pre-tax profits have dropped by 63 per cent. (excluding £220,000 start-up costs) on a one-third fall in turnover. Capital expenditure of £1.3m. has been only partially offset by a £½m. preference share placing, so borrowings have risen sharply to over £1m. compared with tangible shareholders' funds of £1.5 m. However, the build-up of capacity at St. Albans to an annual figure of £20m. has not entailed a proportionate increase in overheads, while the introduction of domestic furniture lines should support production levels and allow a run-down of office stocks. Liquidity, then, is scheduled to improve, the U.S. could produce sales of £1½m. this year and a sustained pick-up in home volume could lead to a marked improvement in profits. But the shares, at 35p, up 2p last night, where the yield is 8.8 per cent., are a third off the year's high and may require firmer evidence of a recovery.

Cuthbert slumps by £0.43m.

AFTER INTEREST charges up from £236,697 to £416,802, pre-tax profit of R. and G. Cuthbert, horticultural traders and hardware wholesalers, fell sharply from £536,724, to £105,017 in the year to June 30, 1975. However, chairman Mr. C. Clague forecasts improved results in the current year.

Sales in the year advanced from £12.61m. to £18.73m.

Earnings per 10p share are shown to have fallen from 4.3p to 0.4p basic and from 4.3p to 0.8p diluted. There is no final dividend, compared with 1.25p net, leaving the 0.35p interim to stand against last year's total of 1.6p.

Trading profit dropped from £773,421 to £521,819. The contribution from horticultural trading improved from £366,554 to £403,798, but that from hardware distribution fell from £406,867 to £118,021.

Mr. Clague says in his annual statement issued with the results that in spite of the setback he remains optimistic about the future.

The group has made and is continuing to make substantial economies in overheads while seeking successfully to increase its sales. The borrowing position should be further eased in due course by the disposal of various properties.

● comment

Cuthbert's borrowing costs were fairly serious in June 1974 but a further deterioration during the year *has resulted in a greatly* eroded profits figure: trading profits were some 33 per cent. lower anyway, thanks to difficulties in the hardware division, but with interest charges now accounting for about 80 per cent. of the trading figure the shortfall at the pre-tax level comes out at over 80 per cent. Cuthbert's priority must now be to reduce borrowings, since these now stand at £3.1m. against shareholders' funds of only £1.84m. excluding goodwill. Some property disposals are in the pipeline but cash flow at the moment is negligible and it is doubtful *whether interest charges will be* any lower this year. A substantial upturn in trading profits is therefore imperative and in the meantime the shares at 22p (where the capitalisation is £1.54m.) face a tough time.

Tricoville earns and pays more

FROM A 29.7 per cent. improvement in turnover pre-tax profit of Tricoville, designers and sellers of ladies' fashion wear, expanded 26.2 per cent. from £296,024 to a record £373,903. At midway the advance was from £146,000 to £166,000.

The final dividend is 0.667p net per 10p share effectively raising the total from 0.9233p to 1.167p—a 26.4 per cent. increase as a result of Close company provisions.

The directors say that forward sales are very satisfactory and a progessive growth in profits is anticipated.

	1975 £	1974 £
Turnover	4,250,472	3,251,967
Profit before tax	373,903	296,024
Tax	198,011	151,054
Net profit	175,892	141,970
Interim dividends	7,000	12,000
Final	20,010	15,640

● comment

A buoyant second-half performance from Tricoville, with profits advancing by two-fifths, has left the year 26 per cent. higher. Its lack of involvement in manufacturing helps to control overheads and orders running six months ahead of deliveries make possible a fairly tight financial rein. Last year liquidity was turned round by nearly £0.4m. to a credit of £0.2m. at the year-end. The middle-upper grade fashion wear trade is generally holding its own but, even so, sales this year are unlikely to match 1974-75's 30 per cent. growth and an increase of say £1m. looks more reasonable at present. On this basis, pre-tax profits could edge ahead an eighth to £420,000 even if margins are clipped by a tenth. Meanwhile, a 2 per cent. increase in the directors' holdings— bringing Tricoville into the close company classification—has resulted in a dividend jump which puts the *shares at 26p on a yield of 7 per* cent., still covered five times.

Clement Clarke upsurge

FROM TURNOVER up from £1.79m. to £2.49m., taxable profit of *Clement Clarke (Holdings)* almost doubled from £202,000 to £402,000 in the first half of 1975.

The interim dividend is raised from 0.75p to 0.875p net per 25p share. Last year's total was 1.95p from profits of £480,990.

The directors state that they are reasonably confident that the forecast of satisfactory results for the full year will be realised.

Optical retail sales remain buoyant and export orders and enquiries for optical instruments continue firm.

There has been a reduction in demand for optical and medical *instruments in the U.K., due to* economies in the health service, but the directors are hopeful that export business will expand further as major trading nations reflate.

Tax for the half year takes £204,000 (£104,000) leaving the net balance up from £98,000 to £198,000.

● comment

Even after excluding a first-time contribution from an acquisition (worth £20,000) Clement Clarke's first-half performance—profits 89 *per cent. higher before tax on* margins almost five points better at 18.1 per cent.—is still impressive. Higher export sales (70 per cent. of the ophthalmic output goes overseas) have clearly played a major part in the improvement. But this must also owe a good *deal to the recent cost saving* measures carried out in the U.K. operation, as well as to the intensive forward buying policy, started last year—and largely responsible for the 33 per cent. hike in stock levels at the end of 1974—which has enabled the group to avoid the pressure of escalating material costs. These now appear to be steadying and, although U.K. demand has recently taken a slight knock from a reduction in Government spending, the level of business on the traditional dispensing side is sufficient to suggest that full-year profits will top £700,000 pre-tax with ease. This would enable a maximum dividend, yielding 6.0 per cent. at 48p, to be covered almost four times.

Improvement for MEPC Canadian

Rental *income of MEPC* **Canadian Properties** improved from $20.92m. to $22.95m. in the year to September 30, 1975.

Net earnings were up from $2.35m. to $2.4m. or 40 cents (same) per Common share. Cash flow from operations expanded from $5.4m. to $5.56m.

Dividend total is 19 cents per share and, subject to Government regulations, the directors hope to pay "not less than 20 cents per share" in the current year.

The president, Mr. Ray Greiner, points out that earnings and cash flow figures include pre-tax trading profits of $695,000 ($511,000).

Gains on sales of investment properties in 1974-75 amounted to $843,000, after deducting deferred income taxes of $653,000, and increased overall net earnings to $3.25m. or 55 cents per share. For the comparative period to September 30, 1974, gains on sales of investment properties amounte dto $2.38m. after deducting deferred income taxes of $76,000 and increased overall net earnings to $4.73m. or 83 cents per share.

After including the gains on sales of investment properties, overall cash flow amounted to $7.06m. or $1.23 per share ($7.85m. or $1.39).

Total assets were $179.31m. ($178.16m.). Surplus funds on hand amounted to $6.08m. ($340,000).

The company has arranged long-term financing in the form of first mortgages of $11.88m. to be drawn down during 1976. Capital commitments to complete existing developments amounted to $6.57m. at September 30, 1975. Net funds available for future investment amount to $11.30m. plus substantial lines of credit from four Canadian banks.

MEPC Canadian Properties has office, industrial, retail and commercial holdings in major cities across Canada.

ICH SPECIAL INTERIM DIVIDEND

As forecast last June, the directors of International Computers (Holdings) have again decided to pay a special interim dividend, the gross equivalent of which is unchanged at 1p a £1 share, in order to maintain the trustee status.

With the increase in tax the dividend is reduced from 0.67p to 0.65p net.

As known in the half year to March 31, 1975, pre-tax profit increased *from £5,814,000 to* £7,081,000.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
A. Arenson	1.28	—	1.17	1.91	1.79
Anglo Scottish Tst.	0.79	Jan. 2	0.74	1.4	1.35
Anglo Scottish Tst. "B"	0.09	Jan. 2	0.09	0.09	0.09
Booth (Intnl.) ... int.	1.34	Jan. 7	1.34	—	2.68
Burndene Investments	0.50	—	0.44	0.83	0.78
Clement Clarke ... int.	0.88	Jan. 6	0.75	—	1.95
Common Bros.	2.73	—	2.43	4.73	4.43
R. and G. Cuthbert	Nil	—	1.25	0.35	1.6
Davies and Newman int.	2.18	Jan. 31	2.01	—	6.12
Intnl. Computers Spec. int	0.65(b)	Dec. 29	0.67	—	0.67
A. E. Jenks & Cattell	1.05	Jan. 9	0.95	1.58	1.48
Jokai Tea	7.15	Dec. 10	6.7	7.15	6.7
Leopold Joseph ... int.	7.68	Jan. 2	1.58	—	6.42
Lilleshall ... int.	0.95	Jan. 9	0.95	—	1.9
Minster Assets ... int.	1.5	Jan. 5	1.5	—(a)	2.73
Sandhurst Marketing	1.12	Jan. 2	1.02	1.71	1.6
Supara	0.53	—	0.5	0.53	0.5
Tricoville	0.67	—	0.52*	1.17	0.92*
J. O. Walker ... int	0.98	Dec. 31	1.01	—	2.91

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and or acquisition issues. (a) Total of 2.95p is forecast. (b) To maintain trustee status.

Lilleshall slips at half-time

A FIRST HALF 1975 decline in pre-tax profit from £211,738 to £198,273 is announced by The Lilleshall Company, after *increased depreciation of £53,561,* against £47,550, and bank interest charges up from £60,916 to £72,692. For all 1974 profit was £555,001, a record.

The interim dividend is being kept at 0.95p net—last year's final was 0.947p.

According to Mr. A. R. Pike, chairman, the provision in the first half for the total estimated losses which will occur in the winding-up of activities in the structural engineering and building block manufacture initiated in February last, has been the major factor in a reduction in the profit available for appropriation from £140,634 to £83,021.

As a result of the closure of these loss-making activities, liquidity has been substantially improved "putting the group not only in a stronger position to ride out the world-wide recession *in steel but to continue its in*vestment programme in the steel, stockholding, engineering and homes divisions."

He says it is not possible to forecast accurately the results for the second half as these must depend to a large extent on an upturn in demand for steel, but the directors "have every confidence in the long-term profitability of the group."

	First half 1975 £	1974 £
Trading profit	324,326	320,204
Depreciation	53,561	47,550
Bank interest	72,692	60,916
Profit before tax	198,273	211,738
Taxation	104,102	110,104
Net profit	93,171	101,634
Extraordinary loss	*12,150	[illegible]
Available approp.	81,021	140,634
Dividends	24,556	24,556
Retained	56,465	116,078

Profit arising from sale of land less tax. * Includes estimated total losses on closures of building materials supplies division and structural division, less tax, of £45,268 and profit from sales of land, less tax, of £31,118.

● comment

Loss elimination, resulting from closures and reorganisation within Lilleshall's three previously loss-making divisions, has been largely offset by a downturn in the profitable steel stockholding and rolling companies: after increased depreciation and interest charges, pre-tax profits have fallen by 6 per cent. The trading outlook for the steel side in the second half is not very bright, as first-half profits received some support from New Year price increases. But borrowings have been reduced by £½m. over the 12 months to June (at the end-year the figure was £1.4m.) and if the final dividend is maintained, for a yield of 22.3 per cent. at 14p, the full payment has already been covered by interim earnings. Net asset value in the last balance sheet was 95p per share but with half of the shares in director's hands, little interest has been aroused by the 10 per cent. stake held by *Marshall, Morgan (now the sub*ject of an agreed bid from Pentos).

Talbex ready for upturn

Measures taken to ensure the survival of The Talbex Group in a period of great difficulty have laid a sound foundation for future growth, states the chairman, Mr. S. H. Lunt, in his annual review.

Although forward orders are encouraging, de-stocking by customers has had an adverse effect on demand. However, he is confident that, when a reasonable operating climate returns, each of the main divisions will continue to expand turnover and profit.

The chairman says that litigation arising out of the former activities of Dorchester Finance Company to recover about £0.5m. plus interest from previous directors and the previous auditors, is in progress. The directors "will continue to take such action as they believe to *be in the best interest of the* company."

After reviewing the loans made by Dorchester Finance, the directors have maintained the provision for doubtful debts at £400,000.

To calculate U.K. tax, credit has been taken for about £77,000 of the doubtful debt provision, in addition to about £32,000 for which credit was taken in the previous year. The balance of the provision—about £271,000—relates to specific debts and the directors propose to claim these provisions for tax purposes when *submitting the computation of* adjusted profit for the year to July 31, 1975 to the Inland Revenue.

However, because of the large amounts involved, and the extent to which the allowance for tax purposes has yet to be agreed, it has been considered prudent not to take credit for tax relief on the £271,000 until agreement has been reached with the Inland Revenue.

As reported on November 1, pre-tax profit for 1974-75 was £0.34m., compared with a loss of *£0.28m. the previous year.* Dividends are being resumed with a payment of 0.2p net.

Mr. Lunt reports that during the year there was a "very substantial" improvement in the group's financial position. The group overdraft — about £1m. in early 1974 and more than £0.8m. at July 31, 1974—was reduced to £0.32m. at July 31, 1975.

Meeting, Charing Cross Hotel, WC, December 8 at noon.

Sandhurst Marketing £0.29m.

THE RECORD profit forecast by **Sandhurst Marketing** turns out to be £287,197 pre-tax, for the year to June 30, 1975, compared with £254,298 for the previous year, after £160,000, against £119,000, at halfway.

Stated earnings for the year increased from 5.90p to 6.41p per 10p share, and the dividend is raised from 1.6002p to 1.7076p net with a final of 1.1246p.

	1974-75 £	1973-74 £
Turnover	2,855,136	2,407,472
Pre-tax profit	287,197	254,298
Taxation	127,599	105,883
Net profit	159,598	148,415

The company supplies stationery, etc., and manufactures chemical products.

● comment

Sandhurst Marketing's growth appears to have halted in the second six months of 1974-75—after a 34 per cent. pre-tax rise at the interim stage—but the overall improvement of 13 per cent. pre-tax still looks reasonably good judged against a background *of declining demand in both the* stationery and chemicals industries. The decline in sales volume continued into the first two months of the current year, causing the group to abandon its substantial expansion project at Cardiff, commencement of which had already *ben postponed from the previous* year, and a reduction in current-year profits will now be difficult to avoid. However, the group has experienced a fairly strong upturn in demand in the past few weeks which is allowing it to reap the first real benefits from its *Haywards Heath Spectra Chemicals* extension, and it is apparently continuing to increase its share of the stationery market by introducing new products designed specifically to aid economy. The shares, which at 26p are yielding 10½ per cent., must derive some support from a cover of 3¼ times and a p e of just 3.9.

Booth (Intl.) sees further progress

Including a loss of £18,715, compared with £10,000, in respect of associated tanneries in Northern Ireland, taxable profit of **Booth (International Holdings)** expanded from £104,000 to £172,000 during the first half of 1975 and chairman Mr. G. W. Wilks expects a further improvement in the second half.

Stated earnings per 25p share are up from 1.5p to 2.5p and the interim dividend—costing £40,200—is being held at 1.34p net. Total during 1974 was 2.68p from profits of £230,260.

Mr. Wilks reports that the recovery in group profits has continued and, referring to Northern Ireland, says that despite maximum effort, associates have not *yet become profitable.*

English tanneries are at full production and it is hoped that the rawstock business will benefit from the partial recovery of the tanning industry in Europe and elsewhere.

	Half year 1975 £000	1974 £000
Sales	8,530	5,5[illegible]
Profit before tax*	172	104
Tax	97	59
Net profit	75	45

* Includes £18,715 loss (£10,000) from Northern Ireland associates.

ISSUE NEWS AND COMMENT

Essex Water £3½m. pref.

Arrangements have been completed for an offer for sale by tender of £3½m. of 9 per cent. Redeemable *Preference Stock* 1981 in the Essex Water Company at a minimum price of £98 per cent.

The stock is payable as to £10 per cent. with tenders to be *received no later than Tuesday,* November 18, the balance being payable on or before December 22. Dividends are payable half-yearly on September 30 and March 31 with the first payment of £2.5496 net covering the period from November 18, 1975 to the payment date on March 31, 1976. The grossed up running and redemption yields are 14.13 per cent. and 14.42 per cent. respectively on the minimum price.

Brokers to the issue are Seymour Pierce and Co.

● comment

There is considerable demand in the market for short-dated water stocks at present, and the three latest issues, Bristol, York and Lee Valley, are evidently all being quoted at bid. So, against this *background,* the Essex issue should have little trouble getting off the ground and tenders pitched around the £99 per cent. mark seem in order. Similar stocks are standing on running and redemption yields of 13.95 and 14.06 per cent. respectively in the *market, so a tender price of £99* —where the yields would be 14.02 and 14.20 per cent. is still showing a small edge over comparable stocks.

Abridged particulars Page 34

SHORT-TERM LOCAL LOANS

The coupon rate on this week's issues of local authority yearling bonds has eased a ⅛ of a point to 11⅝ per cent. due on November 17, 1976 at par.

This week's issues are:—City of Salford (£½m.), Dover District Council (£0.5m.), London Borough of Newham (£½m.), North Hertfordshire District Council (£½m.), Wansbeck District Council (£½m.), South Oxfordshire District Council (£½m.), Lliw Valley District Council (£0.25m.), Borough of Milton Keynes (£½m.), London Borough of Enfield (£1m.), Gravesham Borough Council (£½m.), Islwyn Borough Council (£½m.), Newark District Council (£½m.), North Tyneside Metropolitan Borough Council (£1m.), Redditch District Council (£½m.), Bury Metropolitan Borough Council (£½m.), West Dorset District Council (£½m.), Lothian Regional Council (£½m.), West Lothian District Council (£½m.), Borough of Rhondda (£1m.), London Borough of Bexley (£1m.), London Borough of Barnet (£1m.), Blackpool Borough Council (£½m.), Central Scotland Water Development Board (£½m.), London Borough of Croydon (£1m.), Mid Bedfordshire District Council (£½m.), Monklands District Council (£½m.), City of Newcastle upon Tyne (£½m.), Rhymney Valley District Council (£½m.), London Borough of Southwark (£1m.), Borough of Sunderland (£½m.) and The Receiver for the Metropolitan Police District (£½m.).

JOHNSON AND BARNES SCRIP

Johnson and Barnes announces that it intends to make a capitalisation issue on the basis of ...-for-one

Burndene exceeds forecast

Against a midway forecast—when a fall from £362,882 to £333,312 was reported—of some £550,000 **Burndene Investments** reports pre-tax profits of £587,377 for the year to May 31, 1975, compared with £736,022 for the previous year.

The final dividend is 0.5027p net per 5p share lifting the total from 0.7756p to 0.8277p.

	1974-75 £	1973-74 £
Turnover	5,049,897	[illegible]
Pre-tax profit	587,377	*736,022
Tax	304,721	385,712
Net profit	282,656	350,310
Extraordinary debit	240,003	295,160
Attributable	42,653	55,150

* Includes share of associated loss of £14,384. † Includes loss of £251,989 in the provision for diminution of investments in Peak Investments.

The company operates as manufacturers of caravans and mobile homes and clothing and as property developers.

Anglo Scottish Trust

Gross revenue of **Anglo Scottish Investment Trust** decreased from £1.58m. to £1.24m., while the net taxed figure was up slightly from £427,087 to £437,583 for the year to September 30, 1975.

Stated earnings per 25p share increased from 1.495p to 1.524p and the dividend is raised from 1.3475p to 1.4p net with a final of 0.7875p.

Holders of the "B" shares receive 0.0875p per 25p share, as before. Those registered on November 28, 1975, will be entitled to 2.913237 new "B" shares for every 100 "B" shares held subject to confirmation of the recommended final dividend on the Ordinary shares. This scrip issue of a total of 115,099 *"B" shares, together with the* dividend will be equivalent to the net value of the dividend for the year to September 30, 1975 on a similar number of Ordinary shares. In accordance with the amended articles a 1 per cent. capitalisation of 39,509 "B" shares will be added to allotment.

	1974-75 £
Investment income	956,084
Interest	281,602
Total gross revenue	1,237,686
Net revenue	437,583
Tax charged	227,52[illegible]
Ordinary dividend	208,663
"B" dividend	7,457

Total assets, at market amounts to £19.88m. (£17...) and net asset value per Ordinary share was 45p (32p).

A. E. Jenks & Cattell advance

PRE-TAX profit of A. E. Jenks and Cattell for the year to J... 1975 advanced from £327,... £339,426 after £54,000, ... £51,000 at halfway.

The dividend is stepped up ... 1.17735p to 1.57657p net ... *final of 1.05157p.*

After tax for the year ... £190,302 against £181,628 ... balance comes out ahead ... £145,852 to £149,124. Tax figures include under-provision in p... years £12,802 (£1,861).

The company's interests ... *metal pressings, steel wash...* garden and edge tools.

Jokai up by over £1m.

For the year to March 3... pre-tax profits of **Jokai Tea** Holdings shows a £1.09m. upsurge to £1.83m.

The dividend is stepped up ... 6.7p to 7.15p net per £1 s...

After tax the profits ... from £301,063 to £711,606.

RESULTS AND ACCOUNTS IN BRIEF

ABERDEEN INVESTMENTS—Pre-tax profit for half year ended September 30, 1975 £25,956 (£29,017). Tax £10,295 (£10,163). *Net asset value per 25p share* £1.25m (£5.78p). Interim dividend of 0.75p net already announced.

BEN BAILEY CONSTRUCTION—Results year to June 30, 1975 and observations on prospects reported October 22. Group fixed assets £255,663 (£178,081). Net current assets £1,739,311 (£1,027,540). Deferred liabilities £546,879 (£411,752). Net assets £865,362 (£814,062). Meeting, Doncaster, December 3, noon.

GOMME HOLDINGS (G-Plan furniture group)—Results for year August 1, 1975 reported October 24. Group fixed assets £4.36m. (£4.16m.). Current assets £4.58m. (£4.95m.). Current liabilities £2.87m. (£4.07m.). Meeting, High Wycombe, December 4 at 11 a.m.

COMPCO HOLDINGS—Pre-tax profit for year to March 25, 1975 £49,594. Tax takes £30,468 leaving £19,126. No dividend (same).

SHERWOOD STARR GOLD MINING COMPANY—No dividend (same). Pre-tax profit for year to June 30, 1975—figures in Rhodesian dollars—$33,535 (25,042). Tax takes 12,106 (2,739) leaving 21,429 (22,304). Earnings per share 10.24 cents (4.46 cents).

FOURTH CITY AND COMMERCIAL INVESTMENT TRUST—Dividend 0.65p (2.355p). Income year to June 30, 1975, £10,946 (£26,541). Profit £100 (£15,814), *after all charges including tax of £365* (£7,604). Earnings per 10p unit before tax 0.12p (4.14p).

PICCADILLY THEATRE—Dividend 2.0625p (same gross). Pre-tax profit for 1974 £75,552 (£29,250). Tax takes £36,517 (£19,199) leaving £37,035 (£10,051).

SAVE AND PROSPER LINKED INVESTMENT TRUST—First interim 42½ per cent. net on account of year to September 30, 1976 payable Dec. 1.

SUPARA INVESTMENTS—Dividend 0.5285p net (0.5p) year to March 31, 1975. Profit £42,972 (£21,865) after tax £592 (£15,175). Earnings per 10p share 1.49p (0.86p). Profit includes net sterling proceeds of rubber sales retained in U.K. Apart from this no account taken of results of the Indonesian subsidiary's profit after Indonesian tax but before extraordinary item and before deducting replanting expenditure of these subsidiaries attributable to group was £6,454 (£77,560). Profit includes profit on sale of investments £1,677 (£2,534). Tax charge has been reduced by about £17,000 relating to replanting expenditure incurred in Indonesia available for offset against U.K. income.

Minster Assets ahead £0.46m. halfway

MAINLY REFLECTING an increase from £1.5m. to £1.87m. in investment income of Minster Insurance Group, first half 1975 pre-tax profit of Minster Assets expanded from £2.07m. to £2.53m. The figure for the year 1974 was £5.14m.

Stated earnings per 25p share advanced from 2.41p to 3.19p for the six months. As before the interim dividend is 1.5p net, and it is intended to pay a maximum permitted final of 1.45p (1.23p).

In anticipation of future legislation relating to the size of individual investments of insurance companies, the group's City head office building was recently sold for £8.34m. and leased back. The proceeds are being reinvested to give a wider spread of investments.

Because of the nature of insurance business, underwriting results for the first six months should not be taken as a realistic guide to the full year's results but the insurance subsidiaries as a whole continue to trade satisfactorily and the outlook for the full year is encouraging, says the chairman, Mr. A. R. G. McGibbon.

Because of normal seasonal factors British Midland Airways *shows a loss at the half year* stage, though down from £291,000 to £166,000. As foreshadowed in July, borrowings from the parent company and have been repaid and, with trading results to date ahead of budget, there is a good prospect of a profit after interest for the year.

The 18.2 per cent. stake in Minster previously held by Hutchison International of Hong Kong has been placed among London institutions. Currently some [illegible]5 per cent. of the Ordinary capital is held by 30 such institutions including leading insurance companies, investment trusts, merchant banks, pension funds and unit trusts, it is stated.

	Half year 1975 £000	1974 £000	Year 1974 £000
Minster Insurance:—			
Investment incm.	1,874	1,501	3,347
Underwriting	608	650	850
Lloyd's underwrtg.*	151	178	743
Insurance broking...	208	247	412
Deficit†	9	117	‡128
British Midland Airways:—			
Operating loss	166	291	‡20
Interest charge...	59	118	237
Applied Art Glass and Bradville:—			
Operating loss	34	‡10	39
Interest charge..	39	—	73
Profit before tax ...	2,534	2,065	††5,143
Taxation	1,450	1,237	3,355
Minority loss	7	‡4	2
Attributable	1,091	824	1,790
Dividends	514	514	935

* Excluding profit commission receivable as this is not known until the end of year. † Investment holding, banking and issuing house activities, etc. ‡ Profit. †† Before transfer to investment reserve.

The subsidiary Robert Bradford (Holdings) reports group pre-tax profit up from £2.6m. to £2.84m. for the half year. Profit for the year 1974 was £5.48m. before a transfer to investment reserve.

Profit from brokerage companies was down from £247,000 to £208,000 for the six months and the directors do not expect that the year's figure will reach the 1974 record £412,000. Increased costs, however, are being well maintained and the chairman, Mr. D. S. Pearse, expects "a worthwhile contribution" to results.

Results of the Lloyd's underwriting agencies for the half year—£151,000 (£178,000) profit—exclude any provision for profit commission receivable which cannot be ascertained *until the end* of the year, but on the information known the syndicates continue to show steady and satisfactory progress. The chairman is optimistic therefore regarding prospects for the agency companies.

	6 months 1975 £000	1974 £000	Year 1974 £000
Minster Insurance	2,482	2,151	4,197
Lloyd's Underwg....	151	178	743
Brokerage cos. ...	208	247	412
Rbt. Bradford	—	28	126
Profit before tax ...	2,841	2,604	*5,478
Taxation	1,500	1,225	3,078
Minorities	—	1	2
Attributable	1,341	1,378	2,400

* Before transfer to investment reserve.

See Lex

Confidence at Jentique

In his annual statement Mr. F. Crosland, chairman of Jentique (Holdings), *tells members that the* current year has started well with turnover in both clock and furniture divisions showing *further* advancement on the same period last year.

The directors are confident that this position can be maintained during the first half year, he adds.

The chairman states that he is of the opinion that in the present economic climate it would be imprudent to forecast the direction of the economy next year until accurate information is available of the Government's medium-term strategy to reduce inflation.

The group is in a very sound financial position and priority is being given to selective investment in modern plant to ensure maintenance of efficient methods of production.

As known profit before tax for the year to June 30, 1975 expanded from £575,292 to £682,930. The dividend is lifted from 0.46391p to 0.4924p net.

A divisional analysis of profit shows clocks £537,843 (£415,705), furniture £129,143 (£139,855) and interest on short-term deposits £15,944 (£19,732).

M. Burton Property policy

Mr. R. M. Burton, chairman of Montague Burton Property Investments says in his annual statement that the company has sufficient sources of funds to complete the current development programme.

He points out that in line with the policy to make the company self-funding for development finance the loan from Burton Group was repaid during the year to August 31, 1975.

Borrowings are currently provided by the company's clearing bank and these are entirely *devoted to funding developments.* The interest has previously been charged to the capital cost of the development.

The Board has a policy of continually reviewing all development properties to assess whether their ultimate values on completion are likely to be in excess of cost.

The policy of the company is that the investment properties will be independently revalued at intervals of not less than three years. At November 2, 1975 a valuation showed a 13.4 per cent. fall of £8.9m. from book amounts. This equals a fall of 9.7p per share in asset value.

It is the directors opinion that no long-term impairment in values has occurred and in view of policy they do not propose to incorporate these valuations in the accounts.

Meeting, 100, Chalk Farm Road, NW on December 4 at 11.30 a.m.

Wharf Mill Furnishers progress

Despite difficult economic and trading conditions first half profit of Wharf Mill Furnishers increased from £44,800 to £57,700 in the half year to September 30, 1975 and subject to unforeseen circumstances, the directors believe that profit for the year will be at a satisfactory level, says the chairman, Mr. M. P. Renton. The figure for the year to March 31, 1975 was £127,800.

First half stated earnings per 10p share increased from 1.34p to 1.74p, and the interim dividend is raised from 0.514p to 0.548p net. Last year's total was 1.185p from earnings of 3.95p.

	Six months 1975 £	1974 £
Turnover	888,508	648,700
Profits	57,700	44,800
Taxation	30,400	23,700
Net profit	27,300	21,100

Davies & Newman interim up

AN INCREASED pre-tax loss of £763,000, against £392,000, was incurred by Davies and Newman Holdings in the first half of 1975.

But in view of trading prospects for the second half the interim dividend is raised from 2.01p to 2.180035p net per 25p share. The 1974 total was 6.12849p from a profit of £1.14m.

Earnings of the shipbroking side for the year are expected to be similar to those of 1974, and the year's aviation results are expected to be satisfactory, the directors state.

	Six months 1975 £000	1974 £000	Year 1974 £000
Turnover	19,462	14,977	39,109
Trading profit	741	882	3,663
Depreciation	614	693	1,336
Aircraft leasing ...	898	497	1,138
Investmt. inc., etc.	203	83	291
Interest payable ...	292	177	379
Associates	8	19	29
Loss before tax ...	763	392	*1,137
Tax credit	397	204	†625
Net loss	366	188	*512
Minorities	3	1	‡1
Attributable loss ...	369	189	*513

* Profit. † Charge. ‡ Loss.

J. O. Walker little change midway

Timber importers, J. O. Walker and Co., announces a marginal decline in pre-tax profits from £188,000 to £182,000, for the first half of 1975 an turnover ahead from £2.67m. to £2.81m.

The interim dividend is 0.975p (1.005p) net. Last year's total was 2.91p from profits of £390,864.

Tax for the year, takes £133,000 (£101,000), leaving the net balance down from £87,000 to £49,000.

Reed Paper downturn

Reed Paper, a Canadian-based company controlled by Reed International announces net earnings for the nine months ended September 27, 1975 were $15,074,000 or $1.89 a share. Net earnings for the company for the same period last year, before an extraordinary income item, were $25,899,000 or $3.77 per common share. Sales for the nine months totalled $269,280,000 compared with $230,773,000.

DOWTY SEALS IN EIRE

Dowty Seals, of Ashchurch, Gloucestershire, has appointed Murphy Engineers, of Dublin, as its sole distributor in the Irish Republic.

Murphy will be responsible for the distribution of Dowty industrial sealing products throughout the Republic.

This appointment, which is part of a continuing export market expansion programme, strengthens *links* with industry in the Republic, said Mr. M. Spence, Dowty's managing director.

Linread poised for upturn

EFFORTS ARE being made by manufacturers of cold forged fasteners, Linread, to maximise opportunities, to rationalise where possible, to cut costs and to prune investment in unproductive assets, says the chairman, Mr. A. H. Lynall.

The directors are also concentrating on raising the level of skills and technology so that when an upturn in the economy comes "we shall be ready to use our much increased production capacity to its most profitable extent," he declares.

Expenditure invoiced in the year (53 weeks) to August 2, 1975 amounted to £1.38m. of which £0.67m. was added to fixed assets, the balance being financed by equipment leases and regional development grants.

Further capital outlay for which contracts had been placed by July 1975, or which had been sanctioned but not contracted at that time, will involve expenditure of £0.39m. Of this about £75,000 will be paid from resources, the balance being financed by means of equipment leases and regional development grants.

When the outstanding commitments have been fully discharged total equipment lease finance expended, apart from that expended prior to August 1973, will be £0.99m., requiring £128,000 per annum — £72,000 for about seven years and £56,000 for 10 years.

Rents repayable under equipment contracts are allowable as a deduction from profits for tax purposes, it is stated.

As known group pre-tax profit for 1974-75 was £370,182 (£579,227) and the dividend is 3.05339p net (2.8612p).

Exports increased by 32 per cent. to £474,663.

Accounts adjusted for inflation shows sales £10.15m. C.P.P. basis, against £9.11m. historical, and pre-tax profit £351,832. Net assets per share are shown at 94.4p historical and 117p C.P.P.

Meeting, Birmingham, Dec. 4, noon.

Garford-Lilley well placed

Because of the policy to improve present units, still reserving some cash, Garford-Lilley Industries is, on the one hand, well placed to take full advantage of any improvement in economic conditions, and to achieve greater and more efficient output in future years, and on the other, to withstand any further contraction in general manufacturing in the country, says chairman Mr. T. W. Williams.

The textile division was sold in 1972. The proceeds were used partly to repay the overdraft, thus releasing the group from heavy interest charges, and the balance became available for investment. The directors have given much time to considering investment in possible acquisitions, but have rejected any scheme that might burden the group with unprofitable expenditure, he adds.

As reported on October 11 pre-tax profit for the year to March 31, 1975 advanced from £227,554 to £252,561. The dividend is lifted from 0.56p to 0.59p.

A divisional breakdown of profit shows engineering £138,200, plastic extrusion and moulding £100,076 and woodworking £14,285.

The chairman states that in the plastic extrusion and moulding division there was further growth in sales and profit during the year, both of which would have been greater but for the severe reduction in demand during the early part of 1975.

Sales are now running at a lower level, but by tight control of overheads and other costs it is hoped to achieve a satisfactory profit this year.

An extension to the factory is under way to provide for the future growth of this division as demand requires.

Meeting, Great Northern Hotel, N, on December 4 at 2.45 p.m.

Young Invest. Trust

Revenue, after expenses, of The Young Companies Investment Trust was little changed at £156,395, against £159,111, for the half year to September 30, 1975, subject to tax of £57,778, compared with £52,091.

As before the interim dividend is 1p net per £1 share costing £65,000 (same) before tax credits. The directors expect that, barring unforeseen circumstances, they will at least maintain the same net final as last year—1.6p.

The net asset value per share at November 3, 1975, was 62p compared with 59p at September 30, 1975.

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P/E ratio
[illegible]	F.P.	—	169	117	Corn Exchange	117	......	b1.62	2.5	1.5	—
[illegible]	F.P.	7/11	380	355	Standard G'd Minf'g 20c	350	−10	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
[illegible]	£10	30/1	10	9½	Bristol (City of) 13¾% Deb. Stk. 1981	9¾	......
[illegible]	£30	11/2	30¼	29⅛	Coventry (City of) 13½% Red. Stock 1980	29¾	......
100	F.P.	13/10	138½	113	Haslemere Est. 9½% '90-5	122	......
[illegible]	£50	9/1	61½	49⅞	Islington 13½% Red. Stk. 1980	51	......
[illegible]	£50	9/1	49½	47½	Do. 14% Red. Stk. 1985/6	47¾	−¼
98	F.P.	28/11	99½	98¾	Lee Valley Water 9% Red. Pref. 1980	99¼	......
$100	F.P.	—	100	98½	Midland Bank Float Cap Notes '82	100	......
[illegible]	F.P.	—	98	98	Noranda 9½% Notes 1980	$C.98	......
$100	F.P.	—	98	98	Do.	$U.S101½	......
[illegible]	£25	23/1	27½	26	Norcros 13¾% Deb. 1990/95	27½	+¼
[illegible]	Nil	17/11	¼p	¼p	Single 10% Cum. Conv. Pref.	¼pm	......
[illegible]	F.P.	28/11	120	100	Spirella 14% Conv. 1980	112	......
$100	F.P.	—	98	98	Trans Union Fin Can 10½% notes 1980	$C.98	......
[illegible]	F.P.	31/10	[illegible]	[illegible]	York Waterworks [illegible] Red. Pref. [illegible]	99	......

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Dates †	‡	1975 High	1975 Low	Stock	Closing Price p	+ or −
[illegible]	Nil	—	—	15½	10	Amal. Distilled Products	12pm	−1
[illegible]	F.P.	28/10	25/11	72	62	Babcock & Wilcox	71	−1
[illegible]	Nil	—	—	41	21	Cape Inds.	39pm	−2
[illegible]	Nil	—	—	12½	10	Charles (David)	11pm	......
[illegible]5p	Nil	—	—	31½	24	Debenhams	30pm	−½
[illegible]5p	F.P.	6/10	14/11	64	49	European Ferries	64	......
[illegible]	F.P.	30/10	28/11	72	60	Grand Met Hotels	72	+½
[illegible]	Nil	—	—	212½	161½	Harrisons & Crosfields	200pm	......
[illegible]	F.P.	28/10	12/12	372	350	I.C. Gas	378	+1
[illegible]0p	Nil	—	—	99	92	Minet Holdings	98pm	−1
[illegible]	F.P.	29/8	14/11	76½	70½	Norcros	74	−1½
[illegible]	F.P.	30/10	9/12	89	59	Northern Foods	74	−1½
[illegible]5p	F.P.	3/11	3/12	29¾	25	Peacock Sasini	28	......
[illegible]0p	Nil	29/10	31/10	29	23	Raybeck	29pm	+1
[illegible]0p	F.P.	17/10	14/11	322	260	Royal Insurance	316	−2
[illegible]	Nil	—	—	5	3	Trust Bank Africa	3pm	......
[illegible]0p	Nil	12/11	14/11	34	10½	Weir Group	24pm	+1½

Renunciation date usually last day for dealing free of stamp duty. *a* Placing price to public. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. *u* Forecast dividend: cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). ▼ Provisional or [illegible] letters. § With warrants.

Leopold Joseph progress

FIRST HALF (to September 30, 1975) net taxed profit of Leopold Joseph Holdings, after assuming an unchanged rate of corporation tax, showed an improvement on the figures for the corresponding period last year, the directors state.

The merchant bank, Leopold Joseph and Sons, maintained the very liquid position disclosed in the accounts for the year to March 31, 1975, they add.

The interim dividend is stepped up from 1.575p to 1.68p net per £1 share. Last year's total was 6.418p from a net profit of £468,170 after a transfer to inner reserves.

The first half available balance came out at £30,300 (£41,000) after tax of £33,800 (£46,000) and minorities £900 (£4,000).

Kalamazoo well under capacity

UNLESS THERE is an improvement in orders at Kalamazoo, profitability will be seriously affected. Generally, the group is working at well below capacity, says the chairman Mr. T. B. Morland.

The directors are trying hard to rectify the situation and are looking for economies wherever possible. At the same time, workpeople are being better equipped to meet the "undoubted upturn in business in the longer term," he says.

Referring to the decision to introduce inflation accounting for fixed assets Mr. Morland says starting with the interim statement in April he will report only results which provide for the inflationary effect on fixed assets, with no reference to historical depreciation, and thereby show a lower level of profitability than if this had been used.

The 1974-75 profit struck in the traditional manner before K-W-A bonus at £2.11m. was 6½ per cent. higher than 1974, but after additional replacement cost depreciation of almost £300,000, the profit was £1.81m. This increase in depreciation charge highlights the difficulties in the U.K.; galloping inflation while the counter inflation legislation prevents the adjustment of prices to cover the replacement cost of assets.

It was another good year for exports with about the same volume of sales. Those to developing markets are increasing; Nigeria was one of the best customers in 1974-75 and the initial results from the new distributor in Dubai augurs well for the future.

Meeting, Birmingham, December 5 at 11.30 a.m.

Aquascutum midway profits maintained

First half profit (to July 31, 1975) of Aquascutum and Associated Companies increased marginally from £326,093 to £328,249, subject to tax of £154,827 (£153,263).

The chairman reports that earnings have been maintained at their best level. Overseas trade continues to make a major contribution, he adds.

For the year to January 31, 1975 rofit was £1.08m. and the dividend 1.129p net.

Edward Jones downturn

Based upon a substantial increase in turnover, and reflecting the highly competitive state of the building industry pre-tax profit of Edward Jones (Contractors) decreased from £91,000 to £65,000 in the first half of 1975.

The anticipated turnover both for the remainder of 1975 and for 1976 appears to be "quite satisfactory," but it would be very unwise to attempt to forecast profit for the year (£178,689 for 1974) in view of the continuing inflationary pattern, and the "extreme pressures" on margins, says the chairman, Mr. J. L. Davies.

MINING NEWS

Pancontinental faces new threat

BY LESLIE PARKER, MINING EDITOR

PART OF Pancontinental's big Jabiluka uranium deposit in Australia's Northern Territory may lie within a national park according to Mr. Justice Fox the presiding commissioner at the Ranger environmental inquiry. If so problems could be posed for the development of what is considered already to be the largest high-grade find in the world.

Pancontinental's chairman Mr. Tony Grey told the inquiry he understood the Jabiluka leases were outside the park claiming that there had been some confusion over delineating the boundary. Mr. Justice Fox said that the "final and official evidence we have from the Australian survey office puts your boundaries inside the proposed national park."

Mr. Grey added that he had held discussions with prospective uranium buyers in Japan and West Germany about a year ago, with Belgium six to nine months ago, with Italy and the U.K. recently and with the U.S. very recently.

The inquiry is considering the Government-backed proposals to mine the Peko-Wallsend and EZ Industries partnership's Ranger uranium deposit in conjunction with the Australia Atomic Energy Commission. Yesterday any reaction to the latest Jabiluka news was swamped by the Pancontinental share fluctuations caused by the general Australian market furore following the fall of the Labour Government. They closed 35p up at 750p.

BETTER OUTPUT AT GREENVALE

Production at the big Greenvale lateritic nickel project in Queensland of Australia's Metals Exploration and America's Freeport Minerals almost trebled in the September quarter. Nickel output of 1.1m. lbs compared with 0.4m. lbs in the previous three months. Even so, the relatively high cost venture is not yet regarded as really operational in view of continuing teething troubles.

An increase in production is also reported from Metals Exploration's small but high grade Nepean sulphide nickel mine in Western Australia. During the past quarter it turned out 1.4m. lbs of nickel in concentrates as against 1.3m. lbs previously. The estimated net worth of the production rose to $A0.71m. from $0.67m. Metals Exploration were 36p in London yesterday.

NEW PROCESS TO REFINE COPPER

An energy-saving process for refining copper concentrates and recycling scrap has been developed by Australian scientists according to Professor James Parker, director of the Mineral Chemistry Research unit at the Murdoch University in Perth.

It is claimed that, according to laboratory tests, the process will require less than 60 per cent. of the energy needed for conventional copper processing and it will emit little or no sulphur dioxide air pollution.

The technique is based on leaching cuprous sulphate solutions from roaster copper concentrates using a solvent, acetonitrile, in acidified water. Distillation then produces pure copper in powder form. Patents have been taken out in eight countries and are pending in six others, it is reported.

Victory on the beaches

THE BEACH sand minerals pricing battle between the Western Australian producers, backed up by the State Government, and the Federal authorities in Canberra seems to have been won in the nick of time. Only a day before the removal of Mr. Whitlam the new Minister for Minerals and Energy Senator Wriedt, who replaced Mr. R. F. X. Connor, announced a sharp reduction in export prices for zircon to $150 a tonne for that with an iron oxide content less than 0.1 per cent. and $140 where that content is higher.

As reported here last Friday, the Federal Government had previously insisted on a price range from $200 to $250. The new policy followed talks in Canberra between the Department of Minerals and Energy and Australia's 16 major producers. The decision is regarded as a major concession to the west coast mines the product from which generally contains a higher iron oxide content and which had been particularly suffering from the insistence on high prices.

The higher cost east coast producers (the main one is the Gold Fields group's Associated Minerals) were generally in favour of maintaining the former price levels. Senator Wriedt said that submissions by producers showed a wide divergence of views but the Government "was not prepared to stand by and see the long-term development of the industry be damaged." The companies agreed to set up a mineral sands advisory committee to consider future problems.

Chief protagonist in the west has been Mr. Tom Cook who heads Westralian Sands which has placed part of its operations on a care and maintenance basis, blaming unrealistically high prices. The company had been asking for a zircon range of $110 to $130 a tonne. The shares were unchanged at 30p yesterday.

ROUND-UP

Thanks to the success of its Smoky River coal division in Alberta, Canada's McIntyre Mines has achieved nine-month earnings of $14.9m. (£7.1m.), equal to $6.14 per share, compared with a loss in the same period of last year of $0.5m. McIntyre also has a 37.3 per cent. stake in Falconbridge Nickel.

Australia's North Kalgurli reports an operating loss for the year to June 17 of $0.74m. (£0.46m.) compared with a loss of $1.09m. in 1973-74. On the latest occasion, however, there is also to be taken into account an extraordinary debit of $3.16m. arising out of the recent litigation between the company and Great Boulder. Meanwhile, North Kalgurli is seeking a new partner to treat gold ore from its presently closed-down Fimiston mine. North Kalgurli were 10p yesterday.

At yesterday's meeting of Johannesburg Consolidated, the chairman, Sir Albert Robinson, said that the South African mining group would not easily give up its mining rights in Angola. He hoped to bring these rights to fruition through negotiation with the eventual governors of that country.

Mr. Gordon Montgomery has been appointed vice-president and general manager of operations for Tara Mines, the discoverer of Ireland's big Navan zinc deposit. He comes from one of Noranda's operations in Canada. Noranda has a 20 per cent. stake in Tara. Mr. Montgomery will be responsible for bringing the mine to production.

Yukon to keep its Lornex

THE CANADIAN COMPANY Yukon Consolidated has now made its expected answer to Rio Algom's $8 a share cash bid for its 20 per cent. equity stake in the big British Columbian copper-molybdenum Lornex operation. Not surprisingly it is a dusty one.

It is summed up in the conclusion that Yukon considers it inadvisable to dispose of its 1.65m. Lornex shares at a price that "appears to reflect short-term negative influences rather than the fundamental strengths which will undoubtedly generate substantial earnings over the years to come."

The reasons for Rio Algom's bid for the 40 per cent. of Lornex that it does not already own have yet to be detailed in a promised circular although the timing of the whole exercise is subject to the ending of the Canadian postal strike.

Yukon's argument is that it has been in the venture from 1965 and provided 50 per cent. of the exploration programme's initial financing as well as putting up further money through the subscription of income debentures. If it relinquishes the equity interest the company will lose its representation on the Lornex Board although retaining a financial interest through the debentures.

The outside observer, as reported from Vancouver, realises that Rio Algom is endeavouring to obtain complete control of Lornex at what is hoped will be the bottom of its currently copper price and politically beleaguered career but is at the same time expressing its faith in the long-term outlook for the metal itself. Yukon's view is that in effect Rio Algom would be acquiring a copper mine at a "fraction of the cost of bringing new production on stream." In the meantime, other holders of Lornex should hold their hand. Yukon were unchanged at 69p yesterday.

MINING BRIEFS

GEEVOR TIN—October: 9,864 tonnes treated produced 84 tonnes Black Tin (65 Sn) including 12 tonnes low grade concentrates (September 69 tonnes).

UNITED TIN OF NIGERIA—August: Output of concentrates (73 per cent. grade): figures in tonnes: Tin 2½. September: Output of concentrates 3. Six months to date: 25½ (same period 1974-75: 31½).

ESTATES HOUSE

Offers on behalf of Estates House Investment Trust to acquire the capital, not already held, of Sterling and Dollar Areas Investment Trust have been accepted in respect of all the Ordinary, and 7.5 per cent. Preference and 98.6 per cent. of the 5 per cent. Preference shares for which the offers were made.

The Ordinary offer, which is unconditional, and the 7.5 per cent. and 5 per cent. Preference offers, which have now been declared unconditional, will remain open so far as may be necessary until further notice.

Prior to the offers, EHIT and its wholly-owned subsidiaries held 174,000 7.5 per cent. Preference, 280,279 5 per cent. Preference, and 4,045,979 Ordinary shares, representing 87 per cent., 70.1 per cent., and 84.3 per cent., respectively. The above acceptances include acceptances in respect of 4,599 5 per cent. Preference and 223,175 Ordinary shares held by partly-owned subsidiaries of EHIT.

GOODLASS WALL ACQUISITION

Goodlass Wall, a wholly-owned subsidiary of Lead Industries Group, is acquiring for cash from Inmont of Wolverhampton, the protective coatings division (formerly Griffiths Brothers, London).

Inmont, a subsidiary of Inmont Corporation of America, has decided to rationalise its activities at Wolverhampton in order to concentrate on its expanding automotive paints and refinishing business.

Ship sales boost Common Bros. profit to £1.52m.

PROFIT, BEFORE TAX, of Newcastle-based international shipping group, Common Brothers, increased to £1,517,000 for the year ended June 30, 1975, compared to an adjusted £375,000 for the previous year.

A large proportion of the improvement arose from the disposal of the m.v. "Caribbean Venture" which provided a surplus over written down value of £894,000. The principal measure of shipping company performance and profitability, "trading profit," after interest payments, also increased to £646,000 (£612,000).

Despite adverse trading conditions, the ship management and insurance broking divisions of the group contributed satisfactory profits although some ancillary services, particularly shipbroking and some associated company ownership activities, suffered from continuing depressed market conditions.

The profit and loss account benefited too from an extraordinary credit of £100,000. In the previous year, an extraordinary provision of £200,000 was made to meet the group's share of a potential loss incurred by an associated company overseas. But further investigation and improved trading show that this estimate was overstated and, as a result, it has been necessary to retain only £100,000 in reserve to meet this potential loss.

The m.v. "Strait of Canso," was delivered on October 27 and immediately proceeded to commence long term employment fixed well before the fall in rates. The delivery of its sister 32,000 ton vessel is expected next year and, as building contracts for both vessels were fixed price, the group is confident that the new building programme remains an attractive investment for the future.

As a further investment, the group has redeveloped its London office premises primarily to provide office accommodation for its London operations although it is intended that part of the enlarged 7,500 sq. feet building will be sublet.

Looking ahead to the current year, the chairman, Sir Rupert Speir, predicts that adverse trading conditions will continue although the overall group results will benefit from the disposal made shortly after the end of the 1974-75 year of a small ro-ro vessel, the m.v. "Caribbean Enterprise," for approximately £1.3m. more than book value.

In view of the improved results, the directors recommend a maximum net final dividend of 2.7297p making 4.7297p (4.432p). Earnings per 50p share expanded from 2.724p to 30.764p.

	1974-75 £000	1973-74 £000
Trading profit	863	649
Share associates	23	151
Interest payable*	240	238
Balance	646	612
Surplus on sale of ship	894	—
To special provisions	151	†200
Pre-delivery interest	174	34
Profit before tax	1,517	378
Taxation	591	286
Net profit	926	92
Exchange adjustments§	300	88
Dividends	142	133
To reserves	484	‡129

* Excluding pre-delivery interest. † From provisions. ‡ On ship under construction. § Adjustments to Deutschmark loans due to alterations in exchange rates which have previously been dealt with in reserves have this year been passed through the profit and loss account in accordance with SSAP 6. Certain other items which have hitherto been treated as extraordinary items have been reclassified in accordance with SSAP 6 and are now dealt with in arriving at the profit for the year before tax. The comparative figures for 1974 have been adjusted accordingly. ‡ From reserves.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below is based mainly on last year's timetable.

TO-DAY

Interims: Alginate Industries, Avana Group, John Bright, Chamberlain and Hill, East Midland Allied Press, John Foster, Hill Samuel, Mountview Estates, J. Sainsbury, Takeda Chemical Industries, Unilever Ltd., Unilever N.V.

Finals: Assam-Dooars, Bradford-Dundee, Consolidated Co. Bultfontein, Dreyfus, Griqualand West Diamond Mining, Rakusen.

FUTURE DATES

Interims—	
Alida Packaging	Nov. 13
Allied Leather Industries	Nov. 21
Allnatt London Properties	Nov. 12
Dartmouth Investments	Nov. 17
Davis (Godfrey)	Nov. 17
GEI International	Nov. 19
Kennedy (Alan)	Nov. 12
Old Swan Hotel (Harrogate)	Nov. 20
Sketchley	Nov. 24
U.K. Optical and Industrial	*Dec. 1
Finals	
Stag Line	Nov. 24

* Amended.

Due to changes in accounting standards, especially those concerned with the treatment of extraordinary items, certain amendments have been made to the presentation of the accounts this year which, to permit direct year to year comparison, have involved adjustments to the reported figures for the previous year, it is stated.

W. Boulton order book healthy

ECONOMIC CONDITIONS continue to make their influence felt but activities of William Boulton (Holdings) are continuing at a satisfactory level, says the chairman, Mr. D. Fahey.

The order book is healthy although a little slimmer than a year ago, but no more so than over recent months, he adds.

As reported on October 7, pre-tax profit increased from £0.8m. to £1.01m. in the year to June 30, 1975—before interest and depreciation it was up 35 per cent. at £1.56m.—and the dividend is raised from 0.95412p to 1.[illegible] net.

Exports expanded from £[illegible] to £2.1m.—a successful year for the process plant companies which are responsible for the major part of the group's exports.

An analysis of turnover and trading profit is as follows:—

	1975 £000
TURNOVER:	
Engineering	5,099
Process plant	3,855
Heat treatment	1,886
Heavy services	2,567
Civil engineering	721
Total turnover	14,128
TRADING PROFIT:	
Engineering	683
Process plant	548
Heat treatment	144
Heavy services	274
Civil engineering loss	2
Total trading profit	1,541

There was a decrease of £[illegible] (increase £1,060,000) in the overdraft. The chairman's remuneration was £16,802 (£15,850) and waived remuneration amounted to £3,318 (nil).

Meeting, Stoke-on-Trent, December 3, at noon.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Siemens to maintain 1974-75 payout

BY GUY HAWTIN FRANKFURT, Nov. 11.

SIEMENS, WEST GERMANY'S largest private sector employer, proposes to maintain its 16 per cent. dividend for the 1974-75 business year which ended September 30, assuming the expected approval of the March 18, 1976 annual meeting is forthcoming. The DM8 payout per DM50 nominal share will require an increase in distributed profits from the previous year's DM226m. to DM240m.

The supervisory and executive board's recommendation follows the review of a difficult business year during which the giant electrical concern appears to have acquitted itself creditably. Sales were up despite the recession and important strides were reported in the export markets.

External group turnover rose by 8 per cent. to DM18.5bn. Today's statement from Munich, however, points out that, allowing for cost and price increases, in real terms there was only relatively small growth over the previous year's DM17.2bn.

Domestic sales expansion slid from 1973-74's 6 per cent. to 2 per cent. and home turnover totalled DM9.6bn. Foreign business exports, however, went up by 14 per cent. despite the general down turn in world trade.

Although the growth of overseas sales did not equal the previous year's 18 per cent., the group's foreign turnover reached a satisfying DM8.9bn. This performance pushed the proportion of overseas business in total turnover up from 1973-74's 45 per cent. to 48 per cent.

There were, however, important changes in the structure of demand. Above average increases in turnover were noted in the medical, data processing and energy technology sectors. At the same time, there was only slight growth in the media technology sector, while sales in the constructional units and installations divisions were slightly down. This led to short-time working in several sectors, said the report.

The preliminary report gives no indication of the 1974-75 profits. However, last year's net profits totalled DM.504m.—some 18 per cent. higher than that of the previous year—while at the end of the first nine months of the year under review net profits totalled DM.349m. If this average was maintained in the final quarter of 1974-75, the year's net earnings could be somewhat lower than the 1973-74 level.

Incoming orders during the year rose by only 1 per cent. to DM.20.9bn., showing little growth on the previous year's DM.20.7bn. domestic demand, depressed the previous year, rose by 6 per cent. while overseas orders fell by 4 per cent.

Siemens pointed out that the decline in overseas orders should be measured against the background of the world recession and the extraordinarily high increase in demand in 1973-74. In that year, total overseas business went up by 39 per cent. while exports increased by 48 per cent.

In the year under review, domestic orders were worth DM10.7bn. while export orders amounted to DM10.2bn. This was a return to a more normal situation.

During 1974-75, Siemens trimmed its tota workforce by about 4 per cent. bringing it down from the previous year's 309,000 to 297,000. The brunt of the cutbacks came at home. Personnel cutbacks reached 6 per cent. to bring the West German labour force down to 207,000 employees, while there was a 1 per cent. increase in numbers on the overseas payroll, which now total about 90,000.

Germany still saving

BY GUY HAWTIN FRANKFURT, Nov. 11.

THE TRADITIONAL German enthusiasm for saving during economic downturns is clearly illustrated by the latest report of the Bundesverband Deutscher Investment Gesellschaften (BVI). The association of 81 investment trusts states that sales of certificates in October were 50 per cent. up on the September totals, and above average demand is still expected this month.

Certificate sales in October rose to over DM82m. bringing the funds controlled by the trusts up to DM16.39bn., according to the BVI. Investors, it said, were being encouraged by the favourable trends on the West German stock market and funds were reporting a widespread reinvestment of profits.

Naturally, the equity-based trusts have been the greatest beneficiaries of the improvement in the stock market climate. In October the value of the 55 equity-based trusts holdings increased by between 6 and 7 per cent. and, since the beginning of the year, they have risen in value by an average of about 30 per cent. Last month's certificate sales were worth some DM60m.

An improvement in demand was also registered by the BVI's 19 bond fund members. Net certificate sales totalled DM4m. after withdrawals totalling some DM20m. the previous month.

There was also a continuation of the steady upward trend in demand noted by the BVI's seven property trusts. Sales of certificates totalled DM8.7m. in October after DM18.2m. in September and DM11.5m in August.

Chrysler's Argentine step

DETROIT, Nov. 11.

CHRYSLER Corporation said it has formally presented a programme to the Argentine Government under which Argentine investors could buy about 60 per cent. of the company's Argentina subsidiary by 1980 for about $30m.

Chrysler said that under the plan local shareholders will be offered stock in Chrysler Fevre Argentina primarily from a proposed new stock issue.

Chrysler which now has a 99.4 per cent. equity stake in the Argentine subsidiary would see that ownership fall to about 40 per cent. by 1980, assuming the plan goes through.

The company said funds received from the proposed stock sale would be used mainly for expansion. A company spokesman said the plan involves roughly doubling the present annual capacity of about 35,000 vehicles.

Chrysler said it took this "voluntary decision to Argentinise the company as a positive measure for strengthening operations and securing the corporation's investment."
AP-DJ

Signs of improvement in the Japanese fibre industry

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, Nov. 11.

JAPAN'S major synthetic fibre manufacturers succeeded in stepping up production and sales during the six months business term ended last month, but all five industry leaders reported increased operating losses. The losses apparently arose from very heavy expenditure on sales promotion and from a price-freezing policy which the industry followed in the attempt to get its operating capacity back to higher levels.

Toray, the leading synthetics producer, which was operational at only 64 per cent. of capacity in the previous (March 1975) business term says it managed to get back to a 77 per cent. operating rate during the September term. Prices were held steady but rising fuel and labour costs gave the company a Yen 6.5bn. operating loss compared with a modest profit in the March term. Toray sold securities and fixed assets to the tune of Yen 4.8bn. to cover its operating loss. It also received a Yen 2.73bn. tax refund, putting it into the black by Yen 527m. on its after tax income. Toray's sales for the six months term were Yen 159bn., but less than turnover during the spring and autumn of 1974.

Among the other major synthetics producers, Mitsubishi Rayon reported a Yen 4.9bn operating loss compared with a Yen 897m. loss in the previous six months. Kuraray was Yen 2.7bn. in the red—only slightly worse than its March results—while Teijin and Tohon Rayon lost Yen 328m. and Yen 1.5bn. respectively. Teijin's relatively good performance probably reflects the company's successful diversification out of its base in synthetics into a variety of new industrial fields.

Sales figures show Kuraray reporting a fall from the March 1975 term (Y84bn. in the September term compared with Y90bn. in the previous six months).

All the other synthetics makers however recorded sales increases. Mitsubishi was up from Y76bn. to Y89bn., Toho generated turnover of Y30bn. as against Y28bn. in the previous term and Teijin Y174bn. compared with Y154bn. for the March term.

All the synthetics manufacturers managed to cover operating losses to some extent by sales of assets so that the industry's post-tax showing looks less mediocre. In the case of Mitsubishi Rayon, however, post-tax losses were still Y3.68bn. The company attributed its poor showing to accounting differences.

Although the September term was uniformly bad for the synthetics manufacturers, some improvement is expected during the current term. Toray hopes to get its operating rate up to 90 per cent. and forecasts a "small surplus." Some improvement in exports is forecast by the turn of the year, although a revival in exports in the first half of the September term proved only temporary.

Nippon Steel cutting production

BY CHARLES SMITH TOKYO, Nov. 11

NIPPON STEEL Corporation, Japan's largest steel maker, will take one of its blast furnaces out of action at the end of this month as part of a programme for scaling down production. The closure of the blast furnace, one of four at Nippon Steel's Muroran plant in Hokkaido, will represent the first action of its kind for over 20 years, according to press reports, although Nippon, in common with all other steel makers, does take blast furnaces out of action periodically for maintenance purposes.

Nippon Steel also confirmed today that it now has between 2,000 and 3,000 surplus workers (out of a total labour force of 78,000). The company, however, has no plans for lay-offs or for voluntary retirement schemes. Overtime throughout the company's plants has been reduced from 20 hours to nine hours per month and some workers are being switched from production to maintenance and retraining.

Other steel makers among Japan's big five have also admitted the existence of a labour surplus. Nippon Kokan, the second biggest steel company has moved 600 workers from production to posts in "affiliated companies." Sumitomo Metal Industries is considering ways to deal with a 1,800 man surplus.

Nippon Steel's announcement of its blast furnace closure coincides with the publication of production guidelines by the Ministry of International Trade and Industry which will reduce Japan's steel output in the fourth quarter of the year to the lowest level since spring 1972. Japan's steel production for the whole of 1975 is now expected to fall below the 100m. tons mark for the first time in four years.

Japan's foreign computer deals

TOKYO, Nov. 11.

Nippon Mini-Computer is negotiating with Data General of Massachusetts over a capital link-up. This is in preparation for Japan's liberalisation of the computer industry to foreign capital in December.

The company, which has Y320m. of capital, declined to comment on Press reports that Data General has agreed to acquire a 30 per cent. stake in it. Nihon Keizai Shimbun newspaper reported that the companies will shortly apply for authorisation on the capital tie-up plan.

In addition Fujitsu said it is negotiating with Siemens of West Germany to enter into a similar kind of business link.

Fujitsu declined to comment on local press reports that the proposed link is likely to cover production of big Japanese computers by Fujitsu for Siemens.

But the Nikkan Kogyo Shimbun Trade Journal reported that Fujitsu will export its big computers to Computer Gesellschaft, a subsidiary of Siemens which will then distribute them. The proposed tie-up would develop into a technical tie-up in the future. Reuter

Slump at Mitsubishi Electric

TOKYO, Nov. 11.

MITSUBISHI ELECTRIC has announced that net profits in the first half ended September 30 dropped to Yen 1.7bn. from Yen 2.7bn. in the preceding six months and Yen 4.7bn. in the same period last year.

Net sales declined slightly to Yen 295.5bn. from Yen 295.6bn. in the preceding term and Yen 325.2bn. a year ago. Mitsubishi has declared a dividend of Yen 2.0 (Yen 2.50 and Yen 3.00).

The company said that the slump in the heavy electric machinery division which produced a deficit of Yen 9.4bn. was the main cause of the sharp fall in net profits.

Net profits in the 12-month term to March 31, 1976, are expected to total Y4.8bn. on net sales of Y610bn., as sales of seasonal electric home appliances are expected to increase in the latter half of the year.

*

NET PROFITS for Ishikawajima-Harima were Y4.0bn. in the first half ended September 30 (Y3.5bn. in the preceding half and Y3.3bn. in the same period for 1974).

Net sales were Y291bn. (Y337bn. and Y295bn.). (Sales volume fell due to the worldwide recession but costs of materials and the suspended employment of additional workers were major contributors to the larger profit, IHI said.

The dividend is unchanged at Y3.0.
Reuter

More N. Sea borrowing likely

BY MARY CAMPBELL

COMPANIES INVOLVED in the development of the North Sea are likely to figure particularly heavily among Euromarket borrowers during the next few months, bankers suggest. One reason for this, they say, is that a number of companies held back on borrowings until market conditions became more favourable—and with the margins charged over London inter-bank rates now falling they might be expected to start their borrowing soon.

Another reason, they say, derives from the technicalities of the British Government's interest subsidy scheme on borrowing to finance purchases of British goods.

The interest subsidy scheme was introduced by the U.K. authorities to ensure that North Sea development companies could borrow as cheaply to finance purchases of British goods as they could to finance purchases of goods made in other countries. The problem arose because the British export credit scheme does not apply to finance for products used to develop the British sector of the North Sea—such products are technically not being exported—whereas money to finance purchases of goods from other countries could be borrowed under those countries' export credit schemes.

Under the U.K.'s interest subsidy scheme, the British Government pays 3 per cent. of up to 80 per cent. of the cost of goods purchased from U.K. suppliers insofar as money used to finance these purchases is borrowed.

The technicality concerning bankers involved in North Sea finance at present is that the subsidy is available only if the money to pay for the purchases is borrowed within twelve months of the start of payments to suppliers. A number of companies started making such payments some eight to ten months ago, banking sources suggest, but have hitherto financed them from internal sources. Bankers think that the companies which have been doing this could well turn to the banks to borrow substantial amounts within the next few months in order to ensure that they qualify for the 3 per cent. subsidy.

Akzo Chemie deal in S. Africa

JOHANNESBURG, Nov. 11.

CHEMICAL HOLDINGS and Akzo Chemie of the Netherlands is to establish a 5,000-tonne-a-year detergent raw materials plant in Kwazulu. Chemical Holdings chairman W. J. Hefer said here.

Mr. Hefer added that a new company, Akulu Chemicals, has been formed with an initial capital of Rand 400,000 to establish the plant, with a further R2m. at its disposal.

The R2m. consists of a loan of R1m. from the joint shareholders overseas credit facilities of R400,000 and a loan of R600,000 from Bantu Investment Corporation.

Mr. Hefer said it is hoped a surplus of the product remaining after satisfying local demand will be available for export.

He said Chemical Holdings already has a licence agreement with Akzo for the manufacture and sale of plastic additives and it is proposed these activities be undertaken by Akulu, together with several other manufacturing operations in due course.

Political row

Michael Van Os adds from Amsterdam: The news of the relatively small investment which Akzo Chemie's proposes in the South African "Home Lands" caused something of a political upheaval in Holland about a month ago when left-wing parties rejected any such moves by Akzo. They pointed to the World Council of Churches' resolution banning such investments in South Africa. But, answering questions in Parliament in TheHague, Foreign Minister Max van der Stoel said this was not a matter in which the Government could become involved. He added, however, that such an investment decision by Akzo Chemie, which previously supplied the South African market with additives for detergents from its German company, placed a "heavy social responsibility" on Akzo.

Akzo Chemie said in Amersfoort to-day that the investment would proceed as planned—its share was only worth Fls.2m.—and that a "social clause" had been introduced, and approved in the contracts. This clause committed the company to paying "much higher than average" wages, indiscriminately to blacks and whites, allowed for some form of employee representation system, and aimed to ensure that the plant employed as many black workers as possible, while avoiding job function discrimination. "If, after a few years, the social commitment cannot be effectively realised in practice, Akzo Chemie will draw its own conclusions as far as its South African investment policy is concerned," the spokesman added.
Reuter

UBS expects good results

BY JOHN WICKS ZURICH, Nov. 11.

GROSS RESULTS of Union Bank of Switzerland (UBS) are certain to be good this year, managing director Philippe de Weck told a Press conference here. The profit-and-loss account situation was satisfactory, he said, and cash flow was being kept up despite difficult conditions. However, it is not yet certain how cash flow is to be used. Managing director Dr. Nikolaus Senn said reserves would have to be set up for a number of credit positions at the end of the year, including credits to large undertakings.

The increase in the bank's total assets is exerting a certain pressure on capital coverage, said Dr. Senn, and the question of a further rise of share capital would arise in the foreseeable future. No extraordinary measures would be necessary here, though, he added.

For the future, the bank reckons with a certain shrinking of banks' interest margins as a result of growing competition in the credit sector, with more settled conditions on the gold and foreign-exchange markets and with an improvement in the securities field. This will become generally effective in Europe towards the second half of next year. Personnel costs are being kept well under control as a result of agreements with the employees' representatives—staff and administration costs are so far below budget levels this year.

Georg Fischer faces profit dip

BY JOHN WICKS ZURICH, Nov. 11.

THE SWISS engineering concern Georg Fischer will be unavoidably faced with falls in profits and cash-flow this year, according to a statement made by company president Dr. R. Lang in an interview with the "Schweizerische Handels-Zeitung."

This would result from declining turnover in the fields of fittings production, plastics and contract casting (except steel casting) work. Diversification of activities has had a positive effect, however, Dr. Lang said, with operations ranging from satisfactory to good in steel casting and wheel manufacture as well as individual activities in the finished-castings and plant and machinery fields.

Dr. Lang said it was possible that Georg Fischer might borrow funds on the capital market in the foreseeable future.

U.S. purchases lift Rolinco

BY MICHAEL VAN OS AMSTERDAM, Nov. 11.

ROLINCO, THE Dutch-based investment fund which is part of the Robeco group, said in its annual report over the year ended August 31, 1975, that its total net assets, including the 5 per cent. bond loan, had risen by over Fls.500m. to Fls.2.55bn. At the end of the financial year the net asset value per share, including issue costs, amounted to Fls.129 compared with Fls.110 a year ago when it had dropped Fls.49 from the previous year.

The company said in its report that the rise in the net asset value of Rolinco shares was attributable to continued extensive purchases in the U.S. The rise was favoured to some extent by increased leverage of Fls.70m. financed through short-term credit, it was added. Rolinco said that two-thirds of the portfolio was invested in America and the Far East—"areas where there was understanding of the need for healthy profit growth." But while profit prospects were good for the U.S. in particular, this was much less so in Europe where one should be prepared for a period of lower profits. "This certainly holds true of the Netherlands, where a recovery of profits will only be possible after a fundamental change in the Government's policy with respect to the entrepreneurial climate," Rolinco stated in its annual report.

With regard to its investment policy, the company's purchases and sales had about balanced in Japan and Europe with more purchases being undertaken in Germany and more sales in Britain and Italy. In view of its huge raw material potential, Australia had become an interesting area, and so had Brazil after the introduction of a new law there which allows more room for foreign investors.

Rolinco said in its report that income from dividends and interest amounted to approximately Fls.75m., compared with Fls.78m. the year before. After deducting expenses and the interest on the bonded debt, the net profit for the year is Fls.67.7m. (Fls.71.6m.).

Isola expansion plans

BY JOHN WICKS ZURICH, Nov. 11.

THE FAMILY-OWNED Isola group, a leading European supplier to the international electrical production and repair sectors, is currently developing plans for further multinational expansion. The group, whose three European production subsidiaries in Switzerland, France and Italy have a total of 4,200 employees, has an undisclosed turnover said to be "in the Sw. Frs.300m. bracket."

With the recent purchase of the mica-paper insulation plant of the 3m. group in Rutland, Vermont, the group has become the world's biggest mica-paper producer. The French subsidiary Societe Udd-Fim., last year doubled its capacity for this product to 2,100 annual tons by the opening of a new manufacturing facility at Valdoie, near Belfort, some 1,600 tons of production being destined for export. Apart from the Rutland unit, to be run under the name U.S. Samica Corporation, the group now plans production, using local raw materials, in Bangalore. Together, the two non-European plants are expected to produce up to some 1,100 annual tons.

Elsewhere, Swiss insulating works is planning a further expansion of capacity of its mica tapes, while the group's Italian operation is to continue the substantial expansion of its output of copper-clad laminates for printed circuits. In Delle, Udd-Fim has created a production facility for flexible printed circuits, working with the "Flexprint" process under licence from the U.S. concern Sanders Associates. The group says it is satisfied at having created a European market here, in which it believes there is room for further expansion.

German-Swiss link-up

BY GUY HAWTIN FRANKFURT, Nov. 11.

Metallgesellschaft, the Frankfurt-based metals, engineering and transport concern, and the Reichhold group to-day announced that they are to work together in the chemicals field. The two concerns have signed a co-operation agreement that comes into force on January 1 next year.

To-day's statement said that both concerns expected the agreement to have a "positive effect" on their chemical operations. No figures have been announced for the deal, but it involves Metallgesellschaft—which has an annual turnover of over DM8bn.—handing over its interest in Schramm Lack-und Farbenfabriken to Reichhold, taking in return a minority interest in an important subsidiary of its new partner.

Metallgesellschaft said that as part of the Swiss-based group, Schramm—whose products range from household paints to automotive repair finishing products—would have a better opportunity to improve its market position.

Both concerns, said the statement, were still exploring the possibility of further co-operation in the chemical sector in other countries.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	96	97
Ashland 8pc 1987	90	91
Austraswiss 8pc 1987	90	91
BFCE 9pc 1989	96¾	99¼
Borregaard 8½pc 1989	92¼	93¾
Carrier 8pc 1987	89½	89½
Conoco 8pc 1985	95¼	96¼
Consd. Foods 7¾pc 1991	86½	87½
Cutler Hammer 8pc 1987	91½	92½
EIB 9¾pc 1985	100½	101½
Esso 8pc 1986 Nov.	96	99
General Cable 8¾pc 1987	88	90
General Motors 8¾pc 1986	101½	102¼
GTE 8¾pc 1986	95½	96½
ICI 7¾pc 1982	81	84
Nat. Grindlays 7¾pc 1987	74	77
Pacific Light 8pc 1988	88¾	99¾
Prov. of Quebec 7¾pc 1986	88	89
Quebec Hydro 8¾pc 1989	98	99
Queensland 8¾pc 1987	85¼	86¾
Scanraff 8¾pc 1988	96½	97½
Shell 8pc 1986	94½	95½
Stand. Oil (Ind.) 8¾pc 1998	99	100
Tenneco 7¾pc 1987	86½	87½
Transocean 8pc 1986	94¾	95¾
TRW 8¾pc 1986	96	99
Utah 8pc 1987	90½	91½
Volvo 8¾pc 1985	99¾	100¾
NOTES		
Air France 9¾pc 1982	101½	102½
Aust. Ind. Dev. 10¾pc 1981	102¼	103¾
Barclays 7¾pc 1978	95	97
Cie Ntl. du Rhone 10pc '82	102½	103½
Du Pont 7¾pc 1978	101¾	102¾
Esso 7¾pc 1978	100½	101½
General Motors 8¾pc 1976	100¾	101¾
Marubeni 9¾pc 1982	100¾	101¾
Nippon Fudosan 10¾pc 1981	102½	103½
Skand. Enskilda 10¾pc 1981	103½	104¾
Tenneco 7¾pc 1979	98½	99½
Tokyo Curacao 10¾pc 1981	102½	103½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	79	81
Ashland 5pc 1988	76½	78½
Beatrice Foods 4¾pc 1992	96	98
Beatrice Foods 4¾pc 1992	102	104
Borden 5pc 1992	94	96
Broadway Hale 4¾pc 1987	74	76
Canon Camera 7¾pc 1989	90	92
Carnation 4pc 1987	86	88
Chevron 5pc 1988	98	100
Dart 4¾pc 1987	90	92
Eastman Kodak 4¾pc 1988	116	118
Economic Labs. 4¾pc 1987	79	81
Eidal 7¾pc 1989	77	81
Fed. Dept. Stores 4¾pc '85	129	131
Firestone 5pc 1988	88	90
Ford 6pc 1986	86½	86½
Ford 5pc 1988	75¾	77½
General Electric 4¾pc 1987	82½	84½
Gillette 4¾pc 1987	74½	75½
Gould 5pc 1987	86	88
Gulf and Western 5pc 1988	86	87
Harris 5pc 1992	67	69
Honeywell 6pc 1986	77	78
ITT 4¾pc 1987	68	70
Komatsu 7¾pc 1990	100	102
J. Ray McDermott 4¾pc '87	110	112
Mitsui 7¾pc 1990	103	105
J. P. Morgan 4¾pc 1987	99	101
Nabisco 5¾pc 1988	91½	93½
Owens Illinois 4¾pc 1987	86	88
J. C. Penney 4¾pc 1987	78	80
Pioneer 6¾pc 1989	158	162
Rank 4¾pc 1988	41	43
Revlon 4¾pc 1987	98	100
Sperry Rand 4¾pc 1987	97	99
Squibb 4¾pc 1987	83	85
Texaco 4¾pc 1988	74	76
Toshiba 6¾pc 1990	102	104
Union Carbide 4¾pc 1982	102½	104½
Warner Lambert 4¾pc 1987	92	94
Warner Lambert 4¾pc 1988	87	85
Xerox 5pc 1988	77	79

Source: Kidder Peabody Securities.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Slight rally in reduced trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Nov. 11.

A SLIGHT RALLY developed on Wall Street to-day, on hopes that a solution will be found to New York City's financial crisis.

The Dow Jones Industrial Average regained 3.07 to 838.55 and the NYSE All Common Index recouped 29 cents to $47.52, while rises led falls by 869-to-484. But the trading volume decreased 270,000 shares to 14.64m., with many Institutions closed in observance of Veterans Day.

Investors were encouraged when Dr. Arthur F. Burns, Federal Reserve Board chairman, told a group of Republican Congressmen that, although he had not reached a final decision, he was closer to the conclusion that some financial assistance was necessary for New York City to resolve its financial crisis.

Investors also have continued to be encouraged by signs that the Fed has eased its monetary policies.

General Motors recovered $1¼ to $56⅝—it expects fourth quarter sales to be 20 to 22 per cent. ahead of the same period last year.

Du Pont gained $1 to $125¾ but **U.S. Steel** lost $1¼ to $59½. **Atlantic Richfield** rose $1⅞ to $92½.

Hewlett-Packard were up $1¼ to $101, **Eastman Kodak** $1⅞ to $105, **Digital Equipment** $2¼ to $133¾ and **IBM** $3¼ to $219⅞.

But **American Home Products** moved down $1⅞ to $34½ on 224,400 shares.

Londontown climbed $4⅞ to $17¼—Interco, unchanged at $35¾, agreed to acquire Londontown in an exchange of stock.

Otis Elevator were lifted $3½ to $44¼ following United Technologies, off $⅞ at $49½, raising its offer to $44 a share, from $42 a share.

J. Ray McDermott picked up $2¼ to $38¼ on sharply higher quarterly profits.

A. H. Robins gained $⅝ to $11½ on a dividend of 7 (6) cents per share, plus a 2 cents extra dividend.

The American SE Market Value Index moved up 0.52 to 84.15, with advances outnumbering declines by 313-to-225. Hartz Mountain, the most active issue rose $¼ to $12 on 67,100 shares.

Molson "B" advanced $1¼ to $45½, Molson "B" rose $1 to $15½ and Canadian Pacific tacked on $¼ to $13½.

Consolidated Bathurst shed $⅛ to $24⅞—shareholders approved a capital structure change allowing tax-deferred dividends to Canadian residents.

International Nickel put on $⅜ to $25¼—it forecast lower 1975 nickel production but better 1976 demand.

PARIS—Closed yesterday for Victory Day.

AMSTERDAM — Narrowly mixed.

Philips were down Fls.0.20, but Royal Dutch were up Fls.0.50.

Banks, Insurances and Transportations were predominantly higher. KLM moved up Fls.1.70 and Van Ommeren Fls.5.

Dutch Industrials were narrowly mixed. Shipbuilders advanced. Van der Giessen-De Noord were lifted Fls.7 to 394, IHC Holland Fls.6 to 29.70 and Rijn-Schelde-Verolme Fls.4 to 162.

Bonds rose an average of Fls.0.20 to Fls.0.30.

BRUSSELS—Closed yesterday for Armistice Day.

SWITZERLAND—Mixed in brisk trading.

Insurances slipped. In Industrials, Alusuisse Bearer fell Frs.20 to 905. Financials were mixed.

State Bonds were quietly maintained.

Dollar Stocks firmed. Dutch Internationals were very steady, Germans hardened.

COPENHAGEN — Generally actively lower.

GERMANY — Higher nearly across the board in active trading with strong Foreign buying.

Banks improved. Commerzbank rose DM2.10 to 210.50 and Dresdner Bank DM3.20 to 245. Electricals were mostly higher. Chemicals gained ground. Hoechst were up DM1.60 to 140.40, Bayer DM1.70 to 121 and BASF DM1.90 to 144.50.

Motors were strong. VW rose DM1.50 to 136.50, BMW DM4 to 236 and Daimler DM9.50 to 353. Machine Makers advanced up to DM5.30. Steels were all higher.

Minings generally firmed, as did Utilities. Stores gained up to DM3 and Breweries also were better.

In Fixed Interest Securities, trading remained quiet.

OSLO — Bankings and Insurances were quiet, while Shippings and Industrials were irregular.

MILAN—Again weak as technical sales prevailed in active trading.

VIENNA—Very steady.

HONG KONG—Lower in light trading.

Hong Kong Bank were down 20 cents to $HK16.00, Hong Kong Land 10 cents to 6.00, Hutchison, 4 cents to 1.67, Jardine 30 cents to 21.10, Hong Kong Electric 2½ cents to 3.85 and Hong Kong and Kowloon Wharf 10 cents to 11.00.

TOKYO—Easier, in limited trading. Volume 150m. (170m.) shares.

Electricals, Trading Houses, Constructions, Real Estates, Shippings, Shipbuildings and Steel Mills were generally lower on profit-taking other selling.

Pharmaceuticals and some Resource-Related shares also closed lower on profit-taking, after a firmer opening.

Among limited gainers were Sony, which rose Y10 to 2,500, Fuji Heavy Industries and Chiyoda Chemical Engineering. Shiseido moved up Y50 to 1,080 on Foreign buying.

JOHANNESBURG—Gold shares eased slightly following the lower bullion fix. Libanon were 25 cents down at R825.

Financial Minings were firmer in small trading. Coppers were easier, while Platinums traded at previous levels. Metals and Minerals were lower.

Industrials hardened.

AUSTRALIA—News that Malcolm Fraser was to set up a Caretaker Government pending a General Election, sent share prices higher. Operators greeted the announcement with a "deafening and prolonged cheer."

BHP jumped 84 cents to $A7.52 and Pancontinental 78 cents to a new high of $A7.94.

Uraniums attracted the keenest attention. Kathleen Investment jumped 15 cents to $A1.50 and Peko 20 cents to $A4.50. Queensland Mines 25 cents to $A1.95, Ocean Resources 7 cents to 32 cents and Western Mining 18 cents to $A1.60.

CSR were lifted 15 cents to $A4.20, Robe River rose 6 cents to 87 cents.

Woodside-Burmah moved up 11 cents to $A1.01.

OTHER MARKETS

Canada firm

Canadian Stock Markets were generally firmer in light trading yesterday.

The Industrial Share Index moved up 1.08 to 113.07, Base Metals 0.14 to 72.07, Western Oils 0.12 to 198.40, Utilities 0.81 to 124.14, and Banks 1.70 to 257.54. But Golds dipped 3.42 to 265.69 and Papers shed 0.71 to 93.46.

Ford Motor of Canada jumped $4¼ to $80. Canadian Tire "A" advanced $1¼ to $45½.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus.	Util.	Trading volume† 000's
Nov. 11	68.51	170.03	838.55	82.87	14,640
10	68.60	169.62	835.48	82.57	14,910
7	68.59	169.99	836.80	82.73	15,350
6	68.57	169.58	840.92	82.59	18,600
5	68.60	168.18	836.27	82.66	17,390
4	68.55	167.61	830.18	82.44	11,570
3	68.67	166.26	825.72	82.31	11,400
Oct. 31	68.56	166.56	836.04	82.63	12,910
30	68.63	166.67	839.42	81.96	15,020
29	68.46	166.25	838.63	82.09	16,110
28	68.51	166.54	851.46	82.66	17,060
27	68.56	166.75	838.48	82.44	13,100
24	68.54	166.58	840.52	82.47	18,120
23	68.57	166.16	866.16	82.39	17,900
22	68.54	167.21	849.57	82.79	16,060
21	68.16	168.02	846.82	82.89	20,800
20	68.14	166.71	842.25	82.12	13,260
1975 High	69.92 (4/4)	174.12 (5/6)	881.81 (15/7)	87.07 (24/6)	—
Low	66.16 (3/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	165.32 (20/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

Nov. 7	Oct. 31	Nov. 1 1974
4.60	4.59	5.71

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	Nov. 11	Nov. 10	Nov. 7	Nov. 6	Nov. 5
51.24 (15/7)	37.06 (2/1)	47.52	47.25	47.24	47.34	47.15

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,811	869	484	458

	Nov. 11	Nov. 10	Nov. 7	Nov. 6	Nov. 5
New Highs	65	49	65	67	65
Lows	16	26	24	18	18

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975 High	1975 Low	Nov. 11	Nov. 10	Nov. 7	Nov. 6	Nov. 5
96.80 (15/7)	62.20 (2/1)	84.15	83.63	83.54	83.25	83.04
Volume (000's)		1,670	1,420	1,440	1,690	1,660

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Nov. 11	100.67	89.87
10	100.05	89.34
7	100.05	89.33
6	100.32	89.55
5	99.56	89.15
4	99.11	88.51
3	98.61	88.09
1975 High	107.40 (15/7)	96.91 (15/7)
1975 Low	77.71 (8/1)	70.74 (8/1)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Nov. 5 1975	Oct. 29 1975	Nov. 6 1974
Ind. Ord. yield pc	3.79	3.79	4.52
Ind. Ord. p/e ratio	11.76	11.80	8.64
Long-term Govt. Bds. per cent.	6.66	6.60	6.66

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Otis Elevator	392,700	44¼	−3½
Amer. Home Prods.	224,400	34½	−1⅞
Pan Amer. Air.	147,000	4¼	+⅛
General Motors	141,500	56⅝	+1¼
Asarco	132,400	12⅛	+⅜
Standard Brands	131,800	36⅝	−⅛
Texaco	111,900	23⅞	+⅛
Burroughs	99,600	76⅞	−2¼
Levitz Furniture	95,300	4⅞	+⅛
Avnet	90,600	9	+⅜

TORONTO

INDUSTRIAL INDEX

Nov. 11	Nov. 10	1975 High	1975 Low
173.07	171.99	196.50 (15/7)	139.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

Nov. 11	Nov. 10	1975 High	1975 Low
177.28	175.85	205.61 (15/7)	159.95 (2/1)

COMBINED INDEX

Nov. 11	Nov. 10	1975 High	1975 Low
174.95	173.60	198.00 (12/7)	158.05 (2/1)

JOHANNESBURG

	Nov. 11	Nov. 10	1975 High	1975 Low
Industrials	217.7	214.6	238.9 (16/7)	185.2 (23/1)
Gold	236.9	241.3	379.1 (2/1)	205.3 (10/9)

(1958=100.) Source: Rand Daily Mail.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Nov. 6	Oct. 30	Oct. 23
On Dividends	6.59	6.50	6.47
On Earnings	11.01	10.77	10.58

SYDNEY ALL ORD. INDEX

Nov. 11	Nov. 10	High 1975	Low 1975
419.59	402.27	422.40 (14/10)	288.68 (2/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Nov. 11	Nov. 10	High 1975	Low 1975
315.97	317.65	333.11 (2/7)	268.24 (10/1)

HONG KONG INDEX ✱

Nov. 11	Nov. 10	High 1975	Low 1975
305.43	308.05	341.57 (9/6)	160.42 (9/1)

SINGAPORE INDEX §

Nov. 11	Nov. 10	High 1975	Low 1975
227.45	226.09	268.69 (11/5)	153.26 (2/1)

EUROPE

	Nov. 11	Previous	1975 High	1975 Low
Belg'm (a)	(c)	99.25	111.81 (15/5)	89.07 (2/1)
Denm'k (b)	97.28	97.95	97.95 (10/11)	75.06 (13/1)
France (d)	(c)	67.0	72.6 (25/4)	51.7 (2/1)
Germ'y (e)	759.6	753.4	759.6 (11/11)	575.5 (2/1)
Holland (f)	87.4	87.0	97.8 (6/6)	65.2 (2/1)
Italy (g)	80.36	82.00	102.86 (21/2)	75.41 (17/1)
Spain (h)	102.79	99.67	110.96 (22/4)	91.62 (13/9)
Sweden (k)	407.61	407.51	407.62 (24/10)	310.56 (9/1)
Switz'rl'd (m)	261.6	261.4	296.1 (6/6)	206.1 (2/1)

Indices and base dates (all base values 100:— (a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December 1953. (f) Amsterdam Industrial 1970. (g) Milan 2/1/73. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (n) Unavailable. ✱ Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. † Adjusted.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—104⅞% (105¼%)

NEW YORK

Stock	Nov. 11	Nov. 10
Corning Glass	40⅜	39¾
CPC Int'national	47¼	47
Johns Manville	21⅞	21⅝
Johnson Johnson	91⅝	91
RCA	19⅝	19
Reading	2⅛	2⅛
Republic Steel	28⅜	28¾
Zenith Radio	25	25⅛
Chile 5% 1993	89†	89
Peru 5% 1993	†95⅛	†95⅛
[illegible]		

CANADA

[illegible]

GERMANY ♦

Nov. 11	Prices Dm.	+ or −	Div. %	Yld. %
A.E.G.	88.8	−0.3	—	—
Allianz Versich.	468	+2	‡17	1.8
B.M.W.	236	+4	14	2.9
BASF	144.5	+1.9	17	5.9
Bayer	121	+1.7	17	6.7
Bayer Hypo.	316	+2	18	2.9
[illegible]				

MILAN

Nov. 11	Price Lire	+ or −	Div. Lire	Yld. %
Alitalia Priv.	815	+30	—	—
ANIC	700	−5	60	8.6
Ausonia Ase	3,885	−15	130	3.3
Bastogi	1,165	−28	70	6.1
Breda	2,445	−101	150	6.2
[illegible]				

AUSTRALIA

Nov. 11	Aust. $	+ or −
Acrow Australia	†0.70	−0.05
Adelaide Brighton Cem't $1	†0.98	+0.03
Allied Mnfg. Tdg. Inds. $1	†1.05	+0.05
Ampol Exploration	†0.62	.....
Ampol Petroleum	†0.47	.....
Assoc. Minerals	†2.50	.....
[illegible]		

JOHANNESBURG

MINES · INDUSTRIALS

[illegible]

PARIS

[illegible]

BRUSSELS

[illegible]

AMSTERDAM

[illegible]

SWITZERLAND ♦

[illegible]

TOKYO †

[illegible]

Source Nikko Securities Tokyo

STOCKHOLM

[illegible]

COPENHAGEN

[illegible]

VIENNA

[illegible]

OSLO ♦

[illegible]

SPAIN ♥

[illegible]

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax. [illegible]

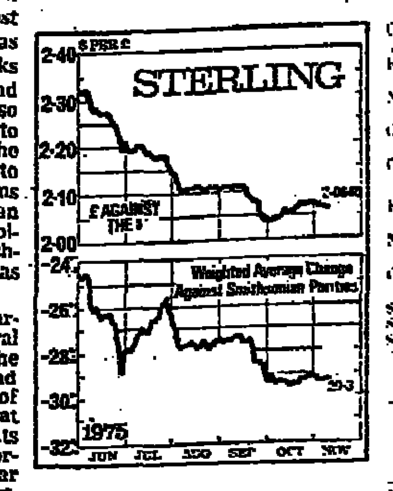
Dollar higher

The U.S. dollar made slight gains in the foreign exchange market yesterday, but finished below its best levels of the day against most major currencies. Trading was very quiet, with the U.S. banks closed for a public holiday and several European centres also closed. The dollar improved to DM2.56½ from DM2.56¼ against the West German mark and to Frs.4.37½ from Frs.4.37, in terms of the French franc. The Morgan Guaranty calculation for the dollar's depreciation, since the Washington Currency Agreement, was *not available.*

Sterling also moved within a narrow range, reflecting the general lack of commercial demand. The pound began at $2.0645-2.0655 and after touching a low point of $2.0625-2.0635, improved to close at $2.0635-2.0645, a fall of 20 points on the day. The discount on forward sterling against the dollar reflected the easier trend in short term Euro-dollar rates and the three-month forward discount narrowed to 2.35 cent premium from 2.45 cent premium.

The pound's trade-weighted average depreciation, since the Washington Agreement, as calculated by the Bank of England, was unchanged at 29.3 per cent., after standing at 29.4 per cent. at noon and in early dealings.

Gold fell $¼ to $143⅞-144⅞. The krugerrand finished at $147½-149½ (£71½-72½) in both the domestic and international markets, compared with $148¼-150¼ (£71¾-72¾) previously. The coin's premium over its gold content narrowed to 2.95 per cent., from 3.29 per cent.



SPECIAL DRAWING RIGHT RATES

One SDR is equal to:	Nov. 11	Nov. 10
Sterling	0.573059	0.572761
U.S. dollar	1.18308	1.18361
Belgian franc	—	—
Deutsche mark	3.03661	3.03442
French franc		5.17238
Italian lira	799.437	798.878
Japanese yen	357.882	357.687
Dutch guilder	3.11919	3.11763
Swedish krone	5.17163	5.15876

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Nov. 11	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankft.	—	2.5665-90	58.65-75	6.63-64	5.29-30	97.35-45	[illegible]
N. York*	38.97-99	—	22.87-89	2.583-590	2.0650-0660	37.53-55	[illegible]
Paris*	170.575-775	4.365-375	—	11.290-315	9.0075-0125	165.70-10	[illegible]
Brussels*	15.03-11	38.65-71	8.84-87	—	80.05-15	14.69-72	[illegible]
London	5.29-30½	2.0635-45	9.02½-03½	79.90-80.1	—	[illegible]	[illegible]
Am'erdam	102.6[illegible]-735	2.63[illegible]	60.275-325	6.8105-55	[illegible]	—	99.[illegible]
Zurich	102.70-81	2.633-6405	60.29-35	6.79½-81	5.4445-95	100.0-10	—

U.S. $ in Montreal. U.S. $=101.44-46 Canadian cents. Canadian $ in New York. $ C=98.47-49 U.S. cents. U.S. $ in Milan 675.75. Sterling in Milan 1395.45. *Last rates other than Nov. 11.

EURO-CURRENCY INTEREST RATES*

Nov. 11 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	11¼-12¼	5¼-5¾	7¼-8¼	5½-5¾	4-4½	1½-2
7 days notice	11¼-12¼	5⅜-5⅞	7¾-8¾	5½-5¾	4-4½	[illegible]
Month	11-11⅝	5½-6	8⅞-9⅛	5¼-5½	[illegible]	[illegible]
Three months	11¼-11⅝	6⅜-6⅞	9⅛-9½	5¼-5½	[illegible]	[illegible]
Six months	11¾-12⅛	7⅛-7⅝	9⅛-9¾	5¼-5½	[illegible]	[illegible]
One year	12¼-12⅝	7¾-8¼	9⅛-9⅞	5½-6	[illegible]	[illegible]

Euro-French deposit rate short-term 6¼-6⅝ per cent.; seven days' notice 6¼-6¾ per cent.; one-month 6¾-7 per cent.; three months 7-7⅜ per cent.; six months 7¾-8 per cent.; one year 8¼-8¾ per cent.

Longer-term Eurodollar deposit: two years 8¾-8⅞ per cent.; three years 9-9¼ per cent.; four years 9¼-9½ per cent.; five years 9¼-9½ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5¾-5⅞ per cent.; three months 6[illegible] per cent.; six months 7[illegible] per cent.; one year 7¾-7⅞ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, and two-days' notice for guilders and Swiss francs.

GOLD MARKET

	Nov. 11 1975	Nov. 10
Gold Bullion (a fine ounce)		
Close	$143⅞-144⅞	$144-145
Opening	$143¾-144¾	$144½-14[illegible]
Morning fixing	$143.65 (£69.541)	$144 (£69.666)
Afternoon fixing	$144.25 (£69.855)	$144.2 (£69.717)
Gold Coins domestically		
Krugerrand	$147½-149½ (£71½-72½)	$148¼-1[illegible] (£71¾-7[illegible])
New sov'rgns	$46½-48½ (£22½-23½)	$47-49 (£22¾-23[illegible])
Old sov'rgns	$46½-48½ (£22½-23½)	$47-49 (£22¾-23[illegible])
Gold Coins Int'n'ally		
Krugerrand	$147½-149½ (£71½-72½)	$148¼-1[illegible] (£71¾-7[illegible])
New sov'rgns	$43¾-44¾ (£21¼-21¾)	$44-45 (£21¼-21[illegible])
Old Sov'rgns	$43¾-44¾ (£21¼-21¾)	$44-45 (£21¼-21[illegible])
$20 Eagles	$225-228	$225-228
$10 Eagles	$116-119	$116-118
$5 Eagles	$75-78	$75-78

FOREIGN EXCHANGES

Nov. 10 1975	Bank Rate %	Market Rates Day's Spread	Close
New York	6	2.0625-2.0655	[illegible]
Montreal	8½	2.0915-2.0945	[illegible]
Amsterdam	4½	5.43-5.46	5.44[illegible]
Brussels	6	79.70-80.10	79.9[illegible]
Copenh'gen	7½	12.35¼-12.38¾	12.37[illegible]
Frankfurt	3½	5.28½-5.31½	5.29[illegible]
Lisbon	6½	54.70-55.10	54.9[illegible]
Madrid	7	122.90-122.20	122.80
Milan	6	1,392¾-1,396¾	1,394[illegible]
Oslo	6	11.32-11.35½	11.33[illegible]
Paris	8	9.01¾-9.04½	9.02[illegible]
Stockholm	6	9.00-9.04	9.0[illegible]
Tokyo	6½	620-627	62[illegible]
Vienna	6	37.40-37.70	37.5[illegible]
Zurich	3	5.43-5.46	5.44[illegible]

† Basic discount. § Rates given are for convertible franc; closing financial franc $2.10-52.55.

OTHER MARKETS

[illegible]

FORWARD RATES

[illegible]

New protest by Danish fishermen

By Hilary Barnes

COPENHAGEN, Nov. 11.

SOME 200 Danish North Sea fishing vessels are heading for their home ports to protest against the Government's ban on North Sea herring fishing from last week and on cod fishing from to-morrow night. They are expected to mount a blockade against supplies of fish to all processing plants when they get home.

The fishermen are worst affected by the ban on herring, which are an unavoidable by-catch in the main catch of other fish for industrial processing. Unless they are allowed a proportion of herring in the catch, the entire Danish fishing industry is threatened with extinction.

Some of the Danish vessels were reported here to be making for U.K. ports to get round the ban on landing their catch in Denmark—a tactic which has already been condemned by the Government as weakening the Danish negotiating position at this week's mid-term meeting of the North East Atlantic Fisheries Commission (NEAFC) which began in London this morning.

Other vessels were reported to be dumping their catch in the sea to avoid trouble with the Danish fisheries inspection authorities.

Our Commodity Staff writes: Delegates at the NEAFC meeting have been warned that this may be their last chance to bring the North Sea herring fishery under effective control. Opening the meeting, Mr. Edward Bishop, Minister of State for Agriculture, said scientists were comparing the state of these stocks with the "ill-fated Atlanto-Scandian herring fishery which is now all but extinct." He noted that North Sea haddock stocks were also under pressure.

EEC agrees to raise NZ dairy produce prices

BY DAVID CURRY

BRUSSELS, Nov. 11.

NEW ZEALAND dairy producers are to get an 18 per cent. rise in the prices they receive for butter and cheese shipped to the U.K. next year, EEC Farm Ministers agreed here to-day. However, there were signs that heavy opposition to the Commission's proposals setting relatively generous import quotas for New Zealand butter to the U.K. for the three years to 1970-1980 is building up from some EEC States.

The Council approved the 18 per cent. price rise proposed by the Commission after a 90 minute discussion in restricted session. It will lift the price of butter from January 1 to just over $NZ1,227 a tonne (about £650) from the present $NZ1,040 and takes NZ butter to just under 52 per cent. of the EEC intervention price.

If New Zealand shipped her full quota of 145,000 tonnes to the U.K. next year, the award would add some £13.9m. to prices and about £2.38m. to the value of sales on the 30,000 tonnes cheese quota.

However, the increase does not affect U.K. shop prices. New Zealand dairy producers pay a levy to the Treasury to lift prices to the Community level, and the price increase awarded to New Zealand will take the form of a corresponding reduction in the levy.

Producers are generally satisfied with the increase, which Mr. Fred Peart, the U.K. Agriculture Minister, regarded as urgent. It is also likely to prove a useful bonus to the New Zealand Labour Government which is only a fortnight away from a General Election.

Privilege

The question of quotas for New Zealand butter for 1978-80 has been deferred to a later council meeting. The Commission is proposing a quota moving from 129,000 tonnes in 1978, to 121,000 in 1979 and 113,000 in 1980. The British Government has promised that it will try to eliminate the sliding scale principle which New Zealand fears opens the way to a gradual phasing out of the market in favour of a fixed quota system.

However, it was apparent here to-day that Danish and Dutch Ministers in particular had severe reservations about the Commission's quotas on the grounds that they would, at their expense, guarantee New Zealand a rising share of a declining market.

They argued, the 22 per cent. market share enjoyed by New Zealand now was likely to rise to some 43 per cent. by 1978 and in the same year to more than 50 per cent. of the import market.

It was unacceptable that New Zealand should have this sort of privileged access to the market at the inevitable expense of Danish and Dutch producers who had built up their market share partly thanks to the default of the New Zealanders in fulfilling their quotas.

Last year Denmark sold some 84,000 tonnes of butter in the U.K. and Holland around 100,000 tonnes, they said, while New Zealand had exported 117,000 tonnes out of a quota of 159,000 tonnes and this year would probably send only 125,000 tonnes of a 145,000-tonne quota.

Although it is understood that Holland and Denmark have not spelled out alternative quotas it is thought that The Hague might be more receptive to a 121,000-tonne quota for 1978 while Denmark would like provision to revise the quotas later in the light of the need to provide fair market shares for Britain's traditional suppliers inside the EEC.

Forecast of coffee free-for-all

By Richard Mooney

THE U.S. expects the world coffee market to be in a state of "free-for-all" for the next few years according to Mr. Julius Katz, head of the U.S. delegation at the International Coffee Council's current London talks on the proposed new international agreement.

He said yesterday the Brazilian frost disaster had changed the world supply situation to the extent that no quota restrictions were likely to be operative for the next two, three or even four years but stressed that the U.S. still sees the proposed new coffee agreement as important, if only as a "standby mechanism."

Mr. Katz said that putting off the agreement would leave the market in a state of uncertainty and would deny producers adequate incentives to restore production to normal levels. "We are facing high prices in the next several years but it should be possible to work something out based on current realities," he said, providing for the resumption of price stabilisation mechanisms when supply moved back into surplus.

The U.S. still favoured a flexible approach to quota levels with about 70 per cent. on a fixed basis and the remainder varying according to stock levels and quota performance.

The agreement being currently negotiated is scheduled to come into effect next October 1 and will probably last for six years.

NICKEL SUPPLIES

Cuba aiming to join the big league

BY HUGH O'SHAUGHNESSY, RECENTLY IN CUBA

CUBA HAS its sights fixed on pushing its nickel production from the present level of around 37,000 tonnes a year to more than 100,000 tonnes. Massive developments are starting in the nickel belt in the North of Oriente province which by the 1980s should result in Cuba emerging as one of the top three nickel producers in the world.

At the moment about half the country's nickel output comes from the Nicaro mine in Northern Oriente which produces sinter and nickel oxide with a metal content of about 90 per cent. The rest comes from Moa in the form of a leached ore with a 61 per cent. metal content. The Moa open cast mine which first went into operation in 1959 under U.S. ownership, last week went on show to a group of foreign bankers. Future investment will be concentrated around Moa.

The first preparatory works have started on the new plant to be built with Soviet assistance which should be in production by 1980 and which will eventually provide a further 30,000 tonnes a year of nickel content. It is to be sited at Punta Gorda 12 kilometres from the present plant and will employ the leaching process now used at Moa to enrich raw ores, whose nickel content varies between 1.2 and 1.3 per cent.

New deposits

Another plant is at present being negotiated with suppliers in the Socialist countries and Sr. Manuel Aguilera, Vice-Minister of Mining and Geology, remarked that building should start within the period of the 1976-80 Five Year Plan. When fully working, these plants would push output over the 100,000 tonnes a year mark.

Already, considerable infrastructural works are in progress in the Moa region to provide for a big increase in the work-force. Hundreds of new dwellings are going up, there are new schools and a polytechnic while the local branch of the University of Oriente has achieved independent status and has 700 students specialising in mining subjects. Moa is to be linked to the national electricity grid and there are plans for a rail spur.

Sr. Aguilera and the staff of the mine sketch out for visitors even more ambitious plans for implementation when the present projects are completed.

New nickel deposits at nearby Baracoa are said to contain 200m. tons of ore and a further deposit of 150m. tons has been found at Pinares de Mayari. The authorities are confident that they will soon start processing their ores more thoroughly and extracting the cobalt which is now going abroad with the nickel. In addition, there are chrome, magnesium, bauxite and iron ores which cannot presently be treated by the leaching plant.

The serpentinite is being stored on one side for future use as are the tailings of the leaching plant which have a 50 per cent. iron content. There are 50m. tons of these tailings which will eventually be smelted with nickel to make special steels.

Moving belt

Sr. Aguilera puts the cost of production of a tonne of nickel content from Moa at 900 pesos (some $450) although the cost is slightly more at Nicaro. The Soviet Union, Cuba's biggest market, is paying Cuba a guaranteed price of 5,000 roubles (about £2,500) a tonne.

Over the past few years nickel—the country's second largest export after sugar—has provided between 12 and 16 per cent. of foreign earnings.

In the hills above the Moa plant four six-ton draglines—two Soviet and two U.S. machines—fill the 30-tonne Russian Velaz dumpers which take the ore to a moving belt conveyor several kilometres long that shifts it to the leaching plant itself.

In a convenient inlet nearby, Soviet vessels fill their holds with the enriched ore from storage hoppers. After several years of difficulty, caused in great measure by U.S. action which halted the supply of spares to the mine, the operation appears to be running smoothly enough to be on show to visiting foreigners.

International Nickel Company of Canada forecast in New York that demand for nickel should begin to recover in 1976 in line with its normal cyclical pattern, reports Reuter.

Mr. J. E. Carter, president, said the company's output this year will fall about 10 per cent. below 1974's 510m. lbs. due mainly to labour troubles during the year. Barring unforeseen circumstances, the company should produce about 500m. lbs in 1976.

He estimated long-term growth in nickel consumption at about 6 per cent. annually, noting that higher energy costs may retard growth in some of the company's markets.

FAO chief hits out at USSR

BY DOMINICK J. COYLE

ROME, Nov. 11.

A THINLY-VEILED direct attack on the Soviet Union for standing "aloof" from international efforts now being co-ordinated through the UN Food and Agriculture Organisation (FAO) to resolve the world food crisis came to-day from the agency's retiring director general, Dr. A. H. Boerma, in a remarkably frank keynote address to the organisation's governing conference here.

For such an important power as the USSR, with its enormous agricultural interests, to remain outside the scope of FAO's membership and activities was, said Dr. Boerma, an indication that Moscow "holds certain reservations as regards its international responsibilities."

His astringent public comments on the Soviet Union, which surprised some national delegations as well as a number of senior FAO officials, were underlined by Dr. Boerma when he stressed that one of his main sources of satisfaction during his term of office had been the decision of China to rejoin the organisation.

Dr. Boerma also referred to the Soviet Union earlier in his speech to the 135 national delegations attending the biennial governing conference when he dealt with what he described as a "still very serious" world food crisis, despite bumper crops in North America this year, and indications that the crucial rice crop in the Far East would be extremely good.

Notwithstanding the excellent U.S. and Canadian harvests: "There is once again little chance of being able to replenish the world's cereal stocks in the present 1975-76 crop season, mainly because of the heavy import requirements of the Soviet Union."

Without a sizeable replenishment of stock—which, excluding those of China and the USSR, stood at little more than half what they were in 1970—the world would remain as dependent as it had been in the last three years on the results of a single year's harvest.

While welcoming what he called the growing political realisation internationally of the need for adequate food resources, as indicated by the commitments and undertakings made and given at last year's world food conference and during the recent special session of the UN General Assembly, Dr. Boerma insisted that even the rudiments of a policy framework for co-ordinating a food reserve system were not as yet visible.

Meanwhile, the estimated 500m. people in the undeveloped world to-day, whose level of poverty was such as to exclude them from any standard measurement of food demand, would have increased by 1985 to some 750m. There was absolutely no possibility in the years ahead of there being adequate food transfers from the developed to the developing world, whose gross food imports were now growing at a rate equivalent to a doubling every 15 years.

The message of this biennial FAO conference, which continues until November 27, is clearly that the Third World must immediately put less emphasis on often grandiose technical projects and give a much higher priority to domestic food production.

Record U.S. sugar beet crop forecast

WASHINGTON, Nov. 11.

THE U.S. Agriculture Department (USDA) has forecast a record sugar beet crop of 29.4m. tonnes, 33 per cent. above last year's output.

Sugar cane for sugar and seed, estimated at 29.2m. tonnes, is down 1 per cent. from the October 1 forecast but 17 per cent. more than in 1974.

Based on conditions on November 1, the USDA said the 1 per cent. increase in sugar beet estimates from October 1 largely reflected increased yields in Montana, Minnesota, North Dakota and Oregon.

It said the indicated average yield per acre for cane was 37.5 tonnes, against 34.1 last year and noted that yields were expected to exceed 1974's in all producing States.

Reuter

Cow breeding decline may be slowing down

By Our Commodities Staff

THE DECLINE in the rate of artificial insemination of Britain's dairy cows may be slowing down the Milk Marketing Board said yesterday.

In its AI report for the three months to the end of September it noted that total demand was down by only 5.1 per cent. on the corresponding quarter of 1974, compared with a 7.2 per cent. fall in the previous quarter and 7.7 per cent. drop in the year ended March 31.

Dairy inseminations were only 500 or 3.1 per cent. down on the same period last year, whereas beef inseminations fell by over 11,000, or 6.4 per cent.

Fall in world aluminium stocks

BY RHYS DAVID

STOCKS OF aluminium around the world fell in September for the first time for 15 months, according to figures published by the International Primary Aluminium Institute yesterday.

Total stocks including scrap and metal in process fell back to 4.89m. tonnes against 4.93m. tonnes in August and primary stocks at smelters and fabrication plants fell to 3.37m. tonnes compared with 3.39m. tonnes in the previous month.

The reduction in stocks, coming after several months in which the rate of increase has shown signs of slowing down, is the first indication that the industry's recession may have bottomed out. Production this year has been cut progressively by the big producers and in the U.S., which accounts for half the total world market, is currently running at around 73 per cent. of capacity. It would appear that at this level the industry has reached the point where it has brought supply and demand into balance.

One other factor which has helped to make some impression on stocks has been recent Chinese purchases estimated at around 270,000 tonnes.

The reduction in stocks in September was accounted for largely by the North American market where total stocks fell from 2.79m tonnes to 2.75m. tonnes with primary stocks going down from 1.72m. to 1.7m. tonnes.

While there may now be some further slow rundown of stocks, producers are not expecting any major upturn in the U.S. market until next year as there appear as yet to be few signs of significantly improved ordering.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Little changed on balance on the London Metal Exchange. The poor close to the U.S. market overnight took forward metal down to £600 soon after the opening but then the price picked up to £602 owing to covering against modest European consumer demand. Back pricing sales then caused a reaction to £600 before the price once again rallied on speculative interest and short-covering to end at £603.5 on the afternoon Kerb. Turnover of 15,460 tonnes was restricted by the U.S. market being closed yesterday for Veterans' Day.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	579.5-80	–4	581.2	–.75
3 months	600-.5	–5	602.5-3	–.5
Settlem't	580	–4	—	.....
Cathodes				
Cash	566-.5	–3.5	569-.5	+.5
3 months	586.5-7	–4	589.5-90	.....
Settlem't	566.5	–3.5	.....	.....
U.S. Smt.	—	.....	*63-65.7	.....

Amalgamated Metal Corporation reported that in the morning cash wirebars traded at £579, 79.5, 80, 79.5, three months £602 to £600, £600.5. Cathodes: cash £566, 66.5, three months £586.5, 87. Kerbs: Wirebars: cash £580, three months £601.5, 2, 2.5. Afternoon: Wirebars: cash £580.5, three months £602, 1.5, 2, 2.5, 3. Kerbs: Wirebars: three months £602.5, 3, 3.5, 3.

TIN—Turned upwards. The steadiness in Penang overnight, where it was thought that the buffer stock manager was a buyer, feelings that the market was a little oversold here and moderate European consumer interest combined to push prices higher and prompted short-covering which took forward metal up to £3,090 at one time. Borrowing of cash metal for the full period at a £50 contango was believed to have been on behalf of the buffer stock. Turnover 490 tonnes.

[Remaining commodity reports and price tables (TIN, LEAD, ZINC, SILVER, COCOA, FREIGHTS, COFFEE, RUBBER, SOYABEAN MEAL, GRAINS, SUGAR, WOOL FUTURES, MEAT/VEGETABLES, JUTE, PRICE CHANGES, FINANCIAL TIMES / REUTER'S / DOW JONES / MOODY'S indices): illegible]

U.S. Markets

Grains and soyabeans lower again

NEW YORK, Nov. 11.

THE SOYABEAN complex and wheat closed substantially lower following disappointment in the rally earlier in the session. The decline was accelerated by Commission-House stop-loss selling while corn remained steady on speculative short-covering. Precious metals closed lower on carry-over speculative liquidation in sympathy with the lower level of grain prices, Bache reports.

Cotton—Dec. 52.75-52.80 (52.17), March 54.32-54.40 (53.60), May 55.05-55.20, July 55.65-55.75, Oct. 55.90-55.90, Dec. 55.90-56.00, March 56.20-56.30. Sales, 3,000.

Greasewool—Spot 157.0 nom. (same). Dec. 155.0-158.0 (same), March 150.0-158.0 (same), May 146.0-155.0, July 144.1-153.0, Oct. 145.0-150.0, Dec. 143.0-150.0, March 140.0 bid.

†Lard—Chicago loose 26.50 asked (same). NY Prime Steam 28 nom.

Many U.S. Markets remained closed yesterday to mark Veterans' Day while Canadian grain markets closed for Remembrance Day.

††Maize—Dec. 267½-267 (269-269½), March 274-274½ (276-276½), May 278½, July 280-280½, Sept. 274½, Dec. 265, March 271½ nom.

‡Platinum—Jan. 148.00 (149.50), April 151.50 (153.50), July 155.60, Oct. 159.10, Jan. 163.30-163.50, April 167.30-167.50. Sales, 134 lots.

*Soyabeans—Nov. 476-475 (485½), Jan. 482-481 (495), March 492-491, May 495-498, July 501-502, Aug. 503, Sept. 503-505, Nov. 507, Jan. 516.

bSoyabean Meal—Dec. 127.80-128.50 (128.90), Jan. 128.30-128.20 (129.50), March 130.60.

Soyabean Oil—Dec. 18.70-18.63 asked (19.63), Jan. 18.70-18.65 (19.60), March 18.70-18.65, May 18.65, July 18.75, Aug. 18.70, Sept. 18.75, Oct. 18.70-18.50.

Tin—289.00-334.00 asked (310.5).

**Wheat—Dec. 354-355 (363-364½), March 369-368 (377½-378½), May 374, July 372½.

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. † Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Decatur and Illinois. ‡ $'s per troy ounce for 50-ounce units of 99.8 per cent. purity delivered NY. ** Cents per 60-lb bushel in store. †† Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots.

FRENCH KEEN ON BRITISH SEED

THE NATIONAL Seed Development Organisation had a record turnover of £1,623,636 in the year to June 30, but paid a dividend of only £50,000 to the Exchequer, against £200,000 last year, it was announced yesterday. The Organisation was pleased, however, with its penetration of the French market with the high-yielding Maris Huntsman variety.

More than 400,000 acres in France were sown with Maris Huntsman this autumn despite propoganda by French millers criticising its bread-making qualities.

STOCK EXCHANGE REPORT

Leaders make headway as buying interest revives

Share index up 2.8 at 370.2—Short Gilts advance

Account Dealing Dates

	Option		
*First Dealings	Declarations	Last Dealings	Account Day
Nov. 3	Nov. 13	Nov. 14	Nov. 25
Nov. 17	Nov. 27	Nov. 28	Dec. 9
Dec. 1	Dec. 11	Dec. 12	Dec. 23

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Monday's minor reaction in leading industrials proved no more than a pause for breath as buyers reappeared on the scene yesterday. After a cautious start, a good demand built up for the leaders, but interest tended to fade during the afternoon and final quotations were a shade below the day's best. Buyers, however, were still in the background and the tone in the late dealings was fully firm. Up 3.5 at 2 p.m., the FT 30-share index closed 2.8 up on balance at 370.2.

Underlying sentiment generally was helped by continued hopes of a reduction in Minimum Lending Rate, and short-dated Gilts were particularly good on this factor. Mediums and longs, however, closed without much alteration. The Government Securities index hardened 0.01 to 58.52.

Second-line equities continued firmly, but demand remained selective and there were signs of profit-taking here and there after the recent good rise. Rises led falls by three-two in FT-quoted Industrials, compared with five-two on Monday. Activity remained at a relatively high level: official markings of 8,698 compared with 7,837 on Monday and 6,812 a week ago.

Shorts active late

Overseas issues were featured by marked firmness in Australian shares following the political developments there. Profit-taking left prices below the best, but closing gains were widespread and often substantial.

Strengthening hopes of a reduction this week in Minimum Lending Rate and the growing view that if a new short "tap" was in the offing it would not be announced before 3.30 p.m. on Friday, activated late interest in short-dated British Funds. The trend at this end of the market had been firm beforehand, but the after-hours' support was really the chief feature, leading to fresh gains extending to ½. Near-mediums were fractionally harder on the back of a further rise in the "tap." Treasury 11½ per cent., 1981, but the longs eased prior to reverting to overnight list prices, the later movement being in sympathy with the shorts. Corporations were often ½ higher.

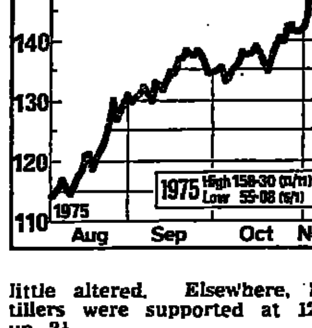
Non-resident activities in Australian shares released offerings of investment currency and the premium, after initially improving to 106½ per cent., reacted to close just over a point lower on the day at 104¾ per cent. Yesterday's S.E. conversion factor was 0.6142 (0.6127).

Australian Bks. higher

The dismissal of the Australian Prime Minister—Mr. Gough Whitlam—encouraged dealers to mark Australian Banks higher. Subsequently, Bank of New South Wales closed 25 better at 650p, while National Bank of Australasia gained 17 to 310p and Australia and New Zealand put on 7 to 402p, after 405p, and Commercial Bank of Australia hardened 5 to 265p. Little interest was shown in the big four Banks, which closed narrowly mixed. Midland ended 3 better at 298p, but National Westminster eased that much to 250p. Bank of Scotland receded 5 to 295p. In firm Merchant banks, Minster Assets hardened 1½ to 52½p on the first-half profits, while Hill Samuel edged forward a penny to 115p in front of to-day's interim results. Guinness Peat were wanted again at 183p, up 3. Slater Walker, on the other hand, slipped 1 more to 26p.

Insurances gained modest ground in light trading. In front of to-day's third-quarter figures, General Accident hardened a penny to 160p. Sun Alliance gained 5 to 448p.

Breweries retained a firm undertone, although prices were little altered. Elsewhere, Distillers were supported at 126p, up 2½.



Tunnel "B" featured Buildings with a rise of 10 to a 1975 peak of 183p. Mears Bros., reflecting trading news, put on 2 more at 24p. Anglo-American Asphalt were raised 10 further to 145p, while Carron, 55p, and Howard Shuttering, 24p, both finished around 4 better. David Charles were called a penny firmer at 22p ex the "rights" issue, while the new nil-paid shares opened at 10p and closed at 11p premium following a fair turnover. A. V. Jennings moved up 6 to 130p, reflecting strength in the Australian market, but G. W. Sparrow, at 135p, gave up 15 of the previous day's rise of 18.

ICI improved 5 more to a 1975 peak of 310p in active trading. Hickson and Welch advanced 7 to 282p. Further consideration of the merger proposals left Lloyds Industries a penny firmer at 59p and Holt Products up 3 more at 40p.

Stores steady

Stores attracted a reasonable business, but closed little changed on the overnight levels. Marks and Spencer were typical, finishing unaltered at 105p, after 106p. Debenhams continued to attract a fair amount of interest, the Ordinary closing unchanged at 83p, after 85p, while the new nil-paid shares finished a fraction cheaper at 30p premium. Aquascutum hardened a penny to 27p on the interim figures. Hardy and Co. (Furnishers), however, receded 3 to 46p. In Shoes, Booth International responded to the substantially improved first-half profits with a rise of 4 to 36p.

Movements of note were few and far between in Electricals. EMI, after Monday's fall of 11 on competition fears to its X-ray scanner became a steadier market and closed a penny harder at 220p, after 224p. Plessey held at 73p, but BICC eased 2 to 128p. BSR shaded 3 to 84p as did Ever Ready to 115p. Dowding and Mills closed a fraction easier at 23p ex the scrip issue. Press comment directed fresh attention to Henry Wigfall, which improved 4 more to a 1975 peak of 174p, making a two-day gain of 24.

Leading Engineerings, although up to 4 better in places, were again outstaged by secondary issues. Stothert and Pitt responded to overnight business and continuing demand yesterday, possibly engendered by bid hopes following the recent offer for Herbert Morris, left the price 8 higher at 103p. Hall Engineering moved up 6 to 145p, Jones Group were similarly better at 60p, as were Moss Engineering, at 40p. TCK were raised 7 to 105p, Turriff revived with a gain of 4 to 62p and E. Scragg, after easing to 14½p, rallied to end a net 1½ dearer at 16½p. Trading news stimulated Concentric, 2 up at 29p, and Spencer Gears, 1 harder at 11p. Reflecting the South African subsidiary's good results, Samuel Osborn improved 3 to 46p.

J. Sainsbury were an isolated dull feature in Foods at 153p, down 11, following an adverse Press mention ahead of to-day's interim statement. Other issues were generally better where changed. Tate and Lyle ended 5 up at 259p, after 260p, while Unigate hardened 1½ to 35p and Cavenham moved up 2 to 141p. Bejam, still reflecting trading news, picked up 3 more at 130p.

J. Lyons "A" improved 8 to 136p in Hotels and Caterers, where Ladbroke closed 2 firmer at 95p and Myddleton 4 higher at 56p.

B. H. Prop. rise

Some good buying orders during the course of a relatively busy morning session helped the miscellaneous Industrial leaders venture into higher ground again and, although interest waned a little in the afternoon, a firm undertone remained at the close. Beecham put on 4 to 324p as did Glaxo at 344p. Ahead of their third-quarter figures to-day, Unilever touched a 1975 high of 420p, before closing a net 2 better at 418p. Elsewhere, the Australian Prime Minister's dismissal prompted a sharp mark-up in Broken Hill Proprietary, which closed 60 higher at 725, after 730p. Nearly doubled first-half profits helped Clement Clarke rise 3 to 48p, while favourable Press comment left United Carriers 2 better at 31p. Despite a sharp contraction in preliminary profits, A. Arenson rallied well from 32p to finish 2 up on the day at 35p. James Warren attracted buyers at 62p, up 7, while improvements of around 6 were seen in Caplan Profile, 51p, Baxter Fell, 77p, G. Brady "A," 80p, and Development Securities 225p. By way of contrast, the passing of the final dividend and profits setback depressed R. and G. Cuthbert, which fell 5½ to 22p. Profit-taking after the recent good rise left Electrical and Industrial Securities 2½ easier at 39p. Reed International shaded 6 to 242p and Swire Industries gave up 10 to 195p; the latter on Far Eastern advices.

After Monday's rise of 7, Lucas Industries advanced another 7 at 162p, after 164p, following Press comment on the preliminary figures. Other Motors and Distributors attracted a selective business. Dunlop ended a penny better at 70p, after 71p, while Associated Engineering, 74½p, and Houchin, 40p, put on 3½ and 7 respectively. Commercial Vehicles had an easier bias, ERF and Crane Fruehauf both close 2 cheaper at 35p and 13p respectively.

Newspapers eased in places, Associated losing 3 to 91p and Beaverbrook "A" 1½ to 42½. Thomson, however, held firm at 222p, up 1. Paper Printings failed to adopt a set trend, McCorquodale gaining 8 more to 298p, but Inveresk slipping 1½ to 63p. Press mention stimulated a small interest in Culter Guard Bridge, which closed a shade harder at 14½p.

Properties failed to distinguish themselves again and retained a basically uncertain trend. Leading issues were either a penny or two lower with MEPC closing the latter amount off at 58p. Bernard Sunley slipped 5 to 148p and City Offices gave up 2 at 39p, while Allied London, despite increased profits, eased 1 to 34p. News of the new loan facilities with Royal Insurance caused Brixton Estate to revert to the overnight level of 74p, after 73p. Elsewhere, overseas considerations prompted Lend Lease to rise 9 to 265p. Barratt Developments were a minor feature at 119p, up 4, and Investment and Property Holdings picked up 1½ to 21p.

Oils firmer late

Oils fluctuated within a very narrow range before finally improving in slightly busier trading. Shell edged 2 higher to 384p, after 386p, British Petroleum improved 3 to 558p and Ultramar regained 2 to 212p. Burmah, on the other hand, were neglected and eased the turn to 33p. Secondary issues were just as quiet although Ball and Collins steadied after the recent disappointment on the dry North Sea well, recovering 5 to 60p. Domestic market influences coupled with London interest pushed Australians higher, Woodside-Burmah rising 10 to 98p, Associated Australian 7 to 150p and International Oil 4 to 28p.

A nervous market of late on adverse rumours about the company's North Sea drilling rig interests, Reardon Smith rallied smartly yesterday, the Ordinary rising 20 to 385p and the "A" ending 11 higher at 120p on speculative buying fuelled by a Press report stating that the first of three drilling rigs being built by Reardon will be delivered on December 20 and three oil companies are negotiating to contract the drilling unit to explore offshore areas. Elsewhere in Shippings, Common Bros. rose 12 to 76p in response to the good results and news that the group are to dispose of the m.v. Caribbean Enterprise for about £1.3m. more than book value shortly after the year end. In a thin market, Walter Runciman gained 6 to 108p, after 112p, also following trading news, while fresh speculative interest left Furness Withy 4 to the good at 221p.

Most of the interest in Textiles yesterday was centred on Courtaulds, which rose 4 to 154p on buying in front of to-morrow's interim results. Elsewhere, Tricoville hardened 2 to 26p on the results. Tobacco leaders closed quietly firm after a reasonable business.

O.K. Bazaars "A" returned to favour in South Africans, rising 20 to 770p.

Still awaiting the outcome of the reorganisation discussions currently taking place between James Finlay (a penny better at 137p) and McLeod Russel (unaltered at 150p), Consolidated Tea and Lands rose 5 more to 415p as did Cessnock to 245p, and Teith to 350p. Jokai gained 5 to a 1975 high of 125p following the good results.

Advance Down-Under

The dismissal of the Australian Prime Minister Mr. Gough Whitlam and the installation of Mr. Malcolm Fraser as caretaker Prime Minister caused a flurry of buying in the Commonwealth's Mining issues.

In line with share markets "Down-Under," prices were immediately marked up. Pancontinental opened at 785p and touched an all-time peak of 790p before profit-taking pared the price to 750p, leaving it up 35. Other stocks to show substantial gains were Peko-Wallsend, which rose 25 to a year's high of 465p and Western Mining which closed 16 to the good at 155p after [illegible] In Coals, Utah Mining [illegible] £10 and Thiess Holdings [illegible] 20 at 295p.

On the other hand, African Gold shares spent [illegible] day with business at a [illegible] The lower morning fix [illegible] bullion coupled with the [illegible] trend in transatlantic [illegible] markets left Golds [illegible] scattered losses but in the [illegible] noon "cheap" U.S. [illegible] reduced falls and in some [illegible] left shares showing small [illegible] Bullion was finally 25 cents [illegible] $144.25 per ounce and the [illegible] Mines index eased 0.3 to [illegible]

Financials were mixed [illegible] trading. Gold Fields gained [illegible] 214p and Rio Tinto-Zinc add[illegible] 186p reflecting the higher [illegible] in U.K. Industrials. [illegible] Trust were also firm rising [illegible] 520p. In contrast, Middle [illegible] were the subject of Cape [illegible] and retreated 10 to 330[illegible] Platinums. Cape offerings [illegible] Potgietersrust 3 to 175p.

Coppers were quietly fi[illegible] Messina gaining a further [illegible] 300p and MTD (Mangula) [illegible] to 78p on Cape interest.

In Tins, Petaling rose [illegible] year's high of 103p follow[illegible] sharply higher October [illegible] Sungei Besi and Tanjong [illegible] 2 at 40p and 50p respecti[illegible]

Elsewhere, Consolidated [illegible]son reacted 10 to 750 or [illegible] taking after the rise wh[illegible] followed news of the [illegible] exploration activities. Sa[illegible] on 4 at 100p. Laurasia [illegible] unchanged at 43p after C[illegible] buying had pushed the sh[illegible] to 45p earlier in the day.

FINANCIAL TIMES STOCK INDICES

	Nov. 11	Nov. 10	Nov. 7	Nov. 6	Nov. 5	Nov. 4	A year ago
Government Secs.	58.52	58.51	58.23	58.24	58.05	58.29	[illegible]
Fixed Interest	59.15	59.12	59.00	59.06	58.77	58.97	[illegible]
Industrial Ordinary	370.2	367.4	369.5	356.0	360.8	358.5	[illegible]
Gold Mines	265.2	265.8	271.0	273.9	266.7	263.2	[illegible]
Ord. Div. Yld.	5.73	5.78	5.76	5.80	5.89	5.91	[illegible]
Earnings Yld. % (full)	15.81	15.96	15.90	16.03	16.26	16.51	[illegible]
P/E Ratio (net)	9.00	8.92	8.95	8.88	8.76	8.72	[illegible]
Dealings marked	8,698	7,837	6,577	6,658	8,159	6,812	[illegible]
Equity turnover £m.	—	67.62	94.29	114.25	80.24	64.00	[illegible]
Equity bargains total	—	19,512	20,062	19,334	17,033	[illegible]	[illegible]

10 a.m. 367.9. 11 a.m. 370.9 Noon 370.1. 1 p.m. 370.1. 2 p.m. 370.9 3 p.m. 370.1.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=8.98. Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942. † Corrected.

HIGHS AND LOWS

	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.54	49.18	127.4	49.18
Fixed Int.	62.51	50.53	150.4	50.53
Ind. Ord.	370.2 (11/11)	146.0	[illegible]	[illegible]
Gold Mines	442.3	231.6	442.3	43.5

S.E. ACTIVITY

	Nov. 11
Daily Gilt-Edged	302.6
Industrials	330.5
Speculative	63.6
Totals	188.2
5-day Average Gilt-Edged	172.0
Industrials	310.1
Speculative	62.9
Totals	189.9

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

Tuesday, Nov. 11, 1975: Index No.; Day's Change %; Est. Earnings Yield % (Max) Corp. Tax 52%; Gross Div. Yield % (ACT at 35%); Est. P/E Ratio (net) Corp. Tax 52%; Est. P/E Ratio (nil) Corp. Tax 52%.

	Equity Groups	Index No.	Day's Change %	Est. Earnings Yield %	Gross Div. Yield %	Est. P/E (net)	Est. P/E (nil)	Mon Nov. 10 Index No.	Friday Nov. 7 Index No.	Thurs. Nov. 6 Index No.	Wed. Nov. 5 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	138.32	—	16.61	5.98	9.02	9.02	138.38	137.69	136.48	133.51	68.79	138.38 (10/11)	51.78 (6/1)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	132.78	−0.1	13.46	6.19	11.35	11.34	132.91	132.14	130.79	128.43	61.64	132.91 (10/11)	45.11 (6/1)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	253.73	—	14.71	3.76	10.23	10.23	253.67	252.75	250.94	246.41	96.35	253.73 (11/11)	74.74 (6/1)	389.33 (19/5/72)	71.48 (12/12/74)
4	Electricals (17)	244.21	−0.5	16.73	4.75	8.75	8.75	245.31	243.39	240.99	235.52	127.90	245.31 (10/11)	98.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/66)
5	Engineering (Heavy) (13)	157.87	−0.7	20.68	7.52	7.37	7.37	158.91	159.52	158.51	155.21	88.37	159.79 (22/4)	64.59 (2/1)	202.57 (2/5/73)	64.59 (2/1/75)
6	Engineering (General) (63)	119.54	+0.5	18.29	7.00	8.18	8.18	119.00	118.52	117.56	114.51	61.53	119.54 (11/11)	45.43 (6/1)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (9)	46.22	+0.5	17.84	9.09	10.13	10.15	46.08	45.29	44.09	43.98	25.95	48.98 (20/5)	20.11 (2/1)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (24)	117.01	−0.5	18.26	6.76	8.17	8.17	117.63	117.21	116.51	114.25	66.10	121.76 (6/6)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (56)	114.77	−0.5	15.34	5.40	9.60	9.58	115.33	113.33	112.66	110.06	50.54	115.33 (10/11)	38.39 (6/1)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	129.70	−1.7	14.58	4.13	10.26	10.24	131.94	130.23	129.05	126.01	54.45	131.94 (10/11)	44.28 (6/1)	257.41 (19/5/72)	42.85 (12/12/74)
11	Household Goods (14)	165.02	−0.4	15.01	6.35	9.77	9.74	165.63	163.79	164.48	162.43	78.07	165.63 (10/11)	64.53 (6/1)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (27)	66.17	+1.5	16.75	7.08	8.61	8.61	65.19	63.39	63.07	61.39	29.96	66.17 (11/11)	19.91 (6/1)	170.59 (16/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	150.49	−0.2	13.46	5.71	10.77	10.70	150.80	150.61	149.67	147.31	74.41	150.80 (10/11)	61.98 (6/1)	226.08 (16/8/72)	61.41 (13/12/74)
14	Breweries (15)	169.99	−0.5	12.02	6.04	12.59	12.59	170.58	171.98	170.40	168.73	86.46	171.98 (7/11)	75.58 (6/1)	281.87 (28/11/72)	69.47 (15/12/[illegible])
15	Wines and Spirits (7)	155.64	+1.0	12.27	6.48	12.57	12.57	154.05	156.75	156.41	152.99	99.07	177.94 (9/7)	80.42 (6/1)	257.40 (13/7/72)	78.81 (13/12/74)
16	Entertainment, Catering (16)	178.36	−0.6	11.70	6.73	13.38	12.73	179.37	180.19	178.61	174.60	71.29	180.19 (7/11)	55.28 (6/1)	329.99 (12/12/72)	54.87 (9/17/74)
17	Food Manufacturing (22)	164.44	+0.5	12.89	4.90	10.69	10.65	163.68	163.47	161.59	158.81	66.95	164.44 (11/11)	62.03 (2/1)	211.65 (1/6/72)	59.78 (11/12/74)
18	Food Retailing (16)	154.63	−0.8	10.01	4.27	14.50	14.50	155.88	155.00	154.60	151.57	66.71	155.88 (10/11)	57.15 (2/1)	235.08 (15/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	158.30	+0.2	13.54	6.39	11.28	11.28	157.98	155.69	156.46	148.93	75.31	158.30 (11/11)	55.08 (6/1)	250.29 (12/1/73)	55.08 (6/1/75)
20	Packaging and Paper (13)	99.96	−0.5	22.26	7.38	6.69	6.69	100.48	99.61	98.34	95.91	59.40	107.12 (20/6)	43.46 (6/1)	135.69 (26/4/72)	43.46 (6/1/75)
21	Stores (32)	128.96	−0.9	11.52	5.23	13.28	13.28	130.11	129.87	128.92	127.42	66.88	132.94 (24/10)	52.63 (6/1)	204.39 (16/6/72)	52.63 (6/1/75)
22	Textiles (23)	160.81	+0.1	20.81	6.66	6.77	6.62	160.65	159.34	158.38	154.80	77.73	160.81 (11/11)	62.91 (6/1)	253.72 (17/9/68)	62.66 (11/12/74)
23	Tobacco (3)	207.66	+0.2	16.32	6.49	9.32	9.32	207.23	205.76	205.37	204.59	122.62	207.66 (11/11)	109.92 (6/1)	339.16 (2/6/72)	94.34 (13/6/62)
24	Toys and Games (6)	63.64	+1.1	21.44	6.24	6.48	6.48	62.95	62.58	61.78	62.02	29.51	63.64 (11/11)	20.92 (6/1)	136.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (93)															
25	Chemicals (24)	187.63	+0.9	14.84	5.12	9.44	9.44	185.83	184.35	184.31	182.28	93.07	189.17 (6/6)	73.14 (6/1)	201.92 (31/1/69)	71.20 (1/12/74)
26	Office Equipment (10)	89.55	−1.5	14.89	5.82	9.42	9.42	90.87	88.98	88.94	88.36	62.10	104.78 (17/4)	45.34 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	390.03	+0.1	19.80	6.20	6.48	6.23	389.66	385.91	383.73	378.90	257.79	401.84 (10/3)	194.38 (6/1)	517.00 (5/12/72)	90.80 (29/6/62)
28	Miscellaneous (47)	154.29	−0.5	15.99	6.65	9.25	9.25	155.12	155.84	155.01	152.62	81.76	155.84 (7/11)	60.39 (6/1)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	148.30	−0.1	14.83	5.76	9.79	9.75	148.42	147.83	146.97	144.64	74.74	148.42 (10/11)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	335.23	+0.5	15.02	4.80	7.44	6.66	333.53	334.65	331.02	335.83	147.78	335.83 (5/11)	105.83 (2/1)	431.66 (29/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	163.83	—	14.86	5.61	9.33	9.09	163.81	163.34	162.27	160.38	80.95	163.83 (11/11)	63.49 (6/1)	227.93 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	138.00	−0.3	—	5.17	—	—	138.38	138.79	138.26	136.97	66.64	148.45 (20/6)	56.50 (6/1)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	168.74	+0.2	17.43	4.75	8.79	8.79	168.48	169.50	168.22	168.44	73.98	177.11 (5/6)	62.56 (2/1)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	160.31	+0.2	—	7.69	—	—	158.91	159.43	159.74	157.82	98.02	169.27 (7/3)	84.13 (6/1)	293.13 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	98.84	−0.1	—	5.41	—	—	98.97	98.79	97.94	96.59	75.19	134.39 (10/3)	42.81 (6/1)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	123.66	−1.5	—	5.53	—	—	125.26	125.05	124.05	122.01	56.06	127.97 (23/4)	44.88 (2/1)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	113.03	−0.4	—	6.05	—	—	113.49	114.07	113.88	111.99	50.52	123.90 (30/6)	44.47 (2/1)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (9)	227.15	−0.2	9.19	3.85	16.32	16.32	227.54	228.60	226.73	223.38	86.53	228.74 (28/10)	68.96 (7/1)	362.57 (12/12/73)	65.86 (16/12/74)
39	Merchant Banks (19)	87.63	+0.5	—	5.78	—	—	87.22	86.39	86.33	85.00	45.30	94.97 (7/3)	31.21 (7/1)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	156.80	−0.6	3.65	3.76	46.23	43.00	157.66	158.03	158.52	158.04	99.94	241.22 (22/4)	88.19 (7/1)	367.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (4)	77.46	—	12.67	6.21	12.62	12.47	77.46	78.12	78.12	74.52	41.84	78.12 (6/11)	34.78 (10/1)	303.13 (18/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	170.19	—	2.90	4.20	34.60	34.48	170.25	168.82	166.78	164.52	87.06	178.53 (6/6)	73.43 (6/1)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	157.67	—	—	5.45	—	—	157.74	157.41	156.41	154.64	77.74	157.74 (10/11)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	396.14	+0.5	14.56	8.46	10.08	10.00	395.14	385.57	382.56	380.56	317.04	525.43 (23/5)	281.66 (2/1)	555.37 (23/7/73)	84.68 (25/8/65)
45	Teas (10)	124.57	+1.4	32.91	8.38	4.38	4.22	122.86	119.60	116.39	116.39	74.26	134.57 (11/11)	76.76 (10/1)	124.57 (11/11/75)	59.72 (17/10/74)
46	Coppers (3)	288.09	+0.9	68.64	17.15	1.46	1.46	283.45	282.05	279.40	276.64	349.40	467.74 (27/5)	256.42 (24/9)	667.78 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	114.59	+2.2	10.46	4.44	10.80	10.80	112.08	112.98	113.10	109.11	98.37	141.34 (30/6)	80.58 (22/1)	175.90 (28/4/69)	66.31 (30/9/74)
48	Tins (8)	93.25	−0.4	11.85	9.60	11.03	9.87	93.63	93.45	91.83	90.79	61.13	114.49 (3/6)	58.91 (8/1)	125.43 (12/1/73)	54.83 (27/6/71)
49	Overseas Traders (13)	217.81	−0.2	15.47	4.61	8.27	8.26	218.35	218.58	219.12	214.81	—	252.23 (20/6)	97.37 (6/1)	252.23 (20/6/75)	97.37 (6/1/75)

	FIXED INTEREST	Tuesday Nov. 11 Index No.	Tuesday Nov. 11 Yield %	Mon. Nov. 10	Friday Nov. 7	Thurs. Nov. 6	Wed. Nov. 5	Tuesday Nov. 4	Monday Nov. 3	Friday Oct. 31	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.81	14.81	14.90	14.81	14.89	14.77	14.77	14.86	16.40	—	—	—	—
2	20-yr. Govt. Stocks (6)	46.75	†13.87	46.77	46.54	46.59	46.40	46.57	46.81	46.59	42.40	53.09 (30/3)	38.27 (3/1)	116.42 (11/9/63)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	45.74	†16.07	45.74	45.73	45.87	45.86	45.86	45.79	45.77	38.91	50.68 (21/3)	37.01 (3/1)	113.43 (23/10/63)	37.01 (3/1/75)
4	Investment Trusts Prefs. (15)	47.21	14.66	47.28	47.28	47.28	47.15	47.00	46.96	47.21	36.63	47.30 (28/7)	35.35 (3/1)	114.41 (13/9/63)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	63.91	14.78	64.17	63.88	63.88	63.81	64.68	64.74	65.66	52.07	68.02 (6/8)	48.35 (3/1)	114.95 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Miscellaneous Financial	31/12/70	128.06
Engineering (Heavy)	31/12/71	153.84	Food Manufacturing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Wines and Spirits	16/1/70	144.76	Insurance Brokers	29/12/67	96.67
Toys and Games	16/1/70	135.72	Mining Finance	29/12/67	100.00
Office Equipment	16/1/70	153.74	All Other	10/4/62	100.00
Industrial Group	31/12/70	128.20			

† Redemption yield.

calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by inland post 18p, Commonwealth 18p, Foreign 23p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	18	310	+5	310	118
Debenhams 'New'	Nil/pd.	12	30*	−½	31½*	24*
Weir Group 'New'	Nil/pd.	11	24*	+1½	24*	10½*
Burmah Oil	£1	10	33	−1	100	27
Dunlop	50p	10	70	+1	71	17
Glaxo	50p	10	344	+4	427	198
Harris'ns Cr. 'New'	Nil/pd.	10	200*	—	212½*	161½*
Lucas Inds.	£1	10	162	+7	164	37
RTZ	25p	10	186	+4	211	80
Tate & Lyle	£1	10	259	+5	260	85
Barclays Bank	£1	9	310	—	325	112
BP	£1	9	538	+3	598	190
Courtaulds	25p	9	154	+4	154	53
Distillers	25p	9	126	+2½	150	65½
Lonrho	25p	9	107	—	159	68

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 11	Nov. 24	Feb. 5	Feb. 17
Nov. 25	Dec. 8	Feb. 19	Mar. 2
Dec. 9	Dec. 22	Mar. 4	Mar. 16

"Calls" were done in Lonrho, Orme Developments, Reyrolle Parsons, Grindlays, United Carriers, National Westminster Bank Warrants, Hampton Areas, EMI, Burmah Oil, Siebens Oil and Gas, Bridon, Pontin's, Ladbroke, Lloyds Bank and Woodside Burmah. No "puts" were reported, while "doubles" were arranged in Reyrolle Parsons, Grindlays, Orme Developments, Aaronson Bros. and Siebens Oil and Gas.

Industrials							
		Grand Met.	7	Slater Walker	9		
		G.U.S. 'A'	17	Spillers	5	Mines	
A. P. Cement	15	Guardian	20	Tesco	6	Anglo Amer.	60
Assoc. Leisure	3	G.K.N.	22	Thorn "A"	17	Broken Hill Pty	75
Barclays Bank	25	Hawker Sidd.	27	Tube Invest.	24	Charter Cons.	22
Beecham	28	House of Fraser	8	Unilever	35	Chart'rh'll Fin.	10
Boots Drug	12	Hudson Wilms	4	Utd. Drapery	10	Cons Gold	22
Bowaters	16	I.C.I.	21	Vickers	13	De Beers Def.	35
B.A.T.	30	"Imps"	7	Woolworths	6	F.S. Geduld.	350
British Leyland	7	I.C.L.	7			Great Boulder.	12
BOC Int.	5½	Inveresk	7	Property		Hampton Areas	15
Burton 'A'	9	Legal & General	13	Cap. Counties	4½	Hampton Prop.	4
Cadburys	6	Lloyds Bank	22	E.P.	8	Kloof	140
Courtaulds	12	"Lofs."	6	Int. Europe	5	Lonrho	13
Debenhams	8	"Mams"	6	Land Securities	18	Loraine	55
Distillers	13	Marks & Sp'ncer	11	Peachey	6	Metals Explor.	8
Dunlop	6½	Midland Bank	25	Town & City	4½	Poseidon	65
Eagle Star	13	Nat'l West Bank	22	Town & Comm.	4	Pres. Steyn.	275
E.M.I.	17	P & O Dfd.	10			Rio T. Zinc	20
First National	2	Plessey	8	Oils		Welkom	55
G.R.A. Trust	4	R.H.M.	6	Brit. Petroleum	45	West Areas	75
Gen. Accident	16	Rank Org. 'A'	17	Burmah Oil	5	Western M'ng.	18
Gen. Electric	13	Reed Int'l.	23	Shell	30	Zambian Copp.	10
Glaxo	40			Ultramar	21		

NEW HIGHS AND LOWS FOR 1975

Too numerous to name individually, the 144 new 1975 highs recorded among securities listed in the Share Information Service yesterday are given below in their sub-sections. There were 2 new lows.

NEW HIGHS (144)

BRITISH FUNDS (9)
AMERICANS (4)
CANADIANS (1)
BANKS (5)
BEERS (2)
BUILDINGS (11)
CHEMICALS (5)
CINEMAS (4)
DRAPERY & STORES (8)
ELECTRICALS (5)
ENGINEERING (18)
FOODS (9)
INDUSTRIALS (26)
INSURANCE (2)
MOTORS (8)
NEWSPAPERS (2)
PAPER & PRINTING (5)
PROPERTY (1)
SHIPPING (1)
TEXTILES (9)
TOBACCOS (2)
TRUSTS (13)
OVERSEAS TRADERS (1)
TEAS (4)
MINES (4)

NEW LOWS (2)

TRUSTS (1)
Chaddesley
MINES (1)
Patino NV

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	21	—	34
Corpns. Dom. and Foreign Bonds	15	2	50
Industrials	398	257	1,077
Financial and Prop.	143	102	352
Oils	9	5	19
Plantation	11	5	31
Mines	39	40	78
Recent Issues	5	10	24
Totals	641	421	1,665

MONEY MARKET

Fall in interest rates

Bank of England Minimum Lending Rate 12 per cent. (since October 3, 1975)

Short-term fixed period interest rates continued to decline in the London money market yesterday. The discount houses buying rate for three-month Treasury bills eased to $11\frac{7}{16}$ per cent., a level which would reduce Bank of England Minimum Lending Rate to 11¾ per cent., if repeated at the weekly Treasury bill tender on Friday. The three-month sterling certificate yield fell to $11\frac{9}{16}$-$11\frac{7}{16}$ per cent., from $11\frac{7}{8}$-$11\frac{3}{4}$ per cent.

Day-to-day credit was in short supply and the authorities gave a moderate amount of assistance by buying Treasury bills and local authority bills from the discount houses. Banks carried forward run-down balances from Monday, there was a net take-up of Treasury bills to finance, the note circulation increased, the authorities held maturing local authority bills, and a large settlement of gilt-edged sales was also against the market's favour. On the other hand, Government disbursements exceeded revenue payments to the Exchequer.

Discount houses paid 11¼-11½ per cent. for secured call loans at the start, and some funds were available at 10¾ per cent., but closing balances were generally in the region of 11-11¼ per cent.

Rates in the table below are nominal in some cases.

Nov. 11 1975	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ф	Bank bills ф	Fine trade bills ф
Overnight	—	11-12	—	—	—	12 11½	10¾-11⅛	—	—	—
2 days notice	—	—	11-11¼	—	—	—	—	—	—	—
†7 days or 7 days notice	—	11⅛-11⅜	11¼	—	—	—	11⅛-11⅜	—	—	—
One month	$11\frac{9}{16}$-11⅛	11⅛-$11\frac{5}{16}$	11¼	11½-11	11¼-12½	—	11⅛	$11\frac{3}{16}$-11⅛	11¼	12-11¾
Two months	$11\frac{7}{16}$-$11\frac{3}{16}$	$11\frac{7}{16}$-$11\frac{5}{16}$	—	11½-11	11¼-12½	—	11-11⅛	11⅛	11¼	12-11¾
Three months	$11\frac{7}{16}$-$11\frac{9}{16}$	$11\frac{7}{16}$-$11\frac{9}{16}$	11⅜-11⅛	11½-11	11¼-12½	—	10⅞-11⅛	$11\frac{7}{16}$	11¼	12¼-11⅞
Six months	$11\frac{7}{16}$-11¼	$11\frac{5}{16}$-11⅝	11½-11⅝	11½-11	11½-12¾	—	—	—	11⅜	12½-12⅛
Nine months	$11\frac{7}{16}$-$11\frac{9}{16}$	$11\frac{7}{16}$-$11\frac{9}{16}$	—	11¾-11¼	11⅜-13	—	—	—	—	—
One year	11⅝-11⅜	$11\frac{9}{16}$-$11\frac{7}{16}$	12⅛-12¼	12-11½	11¾-13	—	—	—	—	—
Two years	—	12-12½	12⅞	12-11½	—	—	—	—	—	—

† Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13½-13¾ per cent.; four years 13½-13¾ per cent.; five years 14 per cent. ф Bank bill rates in table are buying rates for prime paper, buying rates for four-month bank bills 11¼-$11\frac{5}{16}$ per cent.; and four-month trade bills 12¼ per cent. Approximate selling rates for one-month Treasury bills $11\frac{1}{16}$-11 per cent.; two-month $11\frac{1}{16}$-11 per cent.; three-month $11\frac{1}{16}$ per cent. Approximate selling rates for one-month Bank bills 11½ per cent.; two-month 11¼ per cent.; and three-month 11¼ per cent.; for one-month trade bills 11¾-11½ per cent.; two-month 11¾ per cent.; and three-month 11¾-11½ per cent.

Finance House Base Rate (published by the Finance Houses Association) 11½ per cent. from November 1. Clearing Bank Deposit Rates for small sums at seven days' notice 7 per cent. Clearing Bank Rate for lending 11 per cent. Treasury Bills: Average tender rates of discount 11.2898 per cent.

BASE LENDING RATES

AFI International
Allied Irish Banks Ltd.
Anglo-Portuguese Bank
Henry Ansbacher
Banco de Bilbao
Banco de Jerez
Bank of Cyprus
Bank of N.S.W.
Banque du Rhone S.A.
Barclays Bank
Barnett, Christie Ltd.
Bremar Holdings Ltd.
Brit. Bank of Mid. East
■ Brown Shipley
Cayzer, Bowater Co. Ltd.
Cedar Holdings
■ Charterhouse Japhet
C. E. Coates
Consolidated Credits
Co-operative Bank
Copleys Bank
Corinthian Securities
Credit Lyonnais
G. R. Dawes
Duboff Brothers
Duncan Lawrie
English Transcont.
First London Secs.
■ Antony Gibbs
Goode Durrant Trust
Greyhound Guaranty
Grindlays Bank
■ Guinness Mahon
■ Hambros Bank
Hawtin & Partners
■ Hill Samuel
C. Hoare & Co.
Julian S. Hodge
Industrial Bank of Scot.
Keyser Ullmann
Knowsley & Co. Ltd.
Lloyds Bank
London & European
London Mercantile
Midland Bank
■ Samuel Montagu
■ Morgan Grenfell
National Westminster
Northern Comm. Trust
Norwich General Trust
Portman Guaranty
P. S. Refson & Co.
Rossminster Accept'cs
Royal Trust of Canada
Schlesinger Limited
E. S. Schwab
Security Trust Co. Ltd.
Shenley Trust
Standard Chartered
Sterling Credit
Thames Guaranty
Trade Development Bk.
Twentieth Century Bk.
United Bank of Kuwait
Whiteaway Laidlaw
Williams and Glyn's
Yorkshire Bank

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month 7¼%.
† 7-day deposits on sums of £10,000 and under 7%, up to £25,000 7¾%, over £25,000 8¼%.
§ Demand deposit 8¼%.

CORAL INDEX
Close 367-372

I.G. INDEX
GOLD 143-146

INSURANCE BASE RATES

† Atlantic Assurance … 1[illegible]
Cannon Assurance [illegible]
† Address shown under Insurance Property Bond table.

AUTHORISED UNIT TRUSTS

Bishopsgate Progressive Mgmt. Co.♥				
Bishopsgate, E.C.2.			01-588 6280	
B'gate Pro. Nov. 11	113.6	121.6	+2.8	3.32
Accm. Uts. Nov. 11	126.0	134.2	+3.3	3.32
B'gate Int. †Nov. 4	105.0	112.4	......	2.76
Accm. Uts.† Nov. 4	110.7	118.4	......	2.76
Next sub. day *Nov. 25. †Nov. 18.				
Brandts Ltd.♥				
Fenchurch St., E.C.3.			01-626 6599	
Brandts Cap	96.0	103.0	......	2.21
Do. Accum.	105.0	113.0	......	2.16
Brandts Inc	105.5	112.5	......	7.79
Next sub. day Oct. 23.				

Friends' Provdt. Unit Tr. Mgrs♥				
7, Leadenhall Street, E.C.3.			01-626 4511	
Friends Tst. Uts.	29.2	31.2	......	4.06
Do. Accum.	34.4	36.7	......	4.06
G.T. Unit Managers Ltd.♥				
16, St. Martins-le-Grand, EC1.			01-600 9461	
G.T. Cap. Inc	56.6	60.2	+0.5	5.00
Do. Acc	64.4	68.5	+0.7	5.00
G.T. Inc. Fd. Un.	100.2	106.6	+1.2	10.00
G.T. U.S. & Gen	120.3	128.0	−2.1	1.00
G.T. Japan & Gen.	160.3	170.5	+3.3	1.00
♦Gt. Pens.Ex.Fd.	105.5	113.9	+1.2	3.00

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations in London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv. 20p	16	......	Craig Ship. £1	350	......	Shiloh Spinn.	23	......
Ash Spinning	37	......	Ellam Sleigh 10p	6	......	Sindall (Wm.)	50	......
Bertam	18	......	Higsons Brew.	98	......			
B'water Est. 50p	130	......	I.O.M. Stm. £1	110	......	**IRISH**		
Clover Croft	35	......	Holt (Jos.) 25p	255	......			
Craig & Rose £1	315	......	Kleen-e-Ze	17	......	Alliance Gas (£1)	65	−2
Dyson (R.A.)	30	......	Lovell's Ship £1	95	......	Carroll (P. D.)	125	......
Ellis & McHdy.	58	......	N'thn. Goldsmith	90	......	Clondalkin	51	......
Evans Fr'k.10p.	34	−1	P.M.A.	33	+7	Concrete Prods.	80	......
Evered	6	......	Pearce (C. H.)	60	......	Goodbody (£1)	28	......
Fife Forge	43	−4	Peel Mills	13	......	Helton (Hldgs.)	29	......
Findlay Pkg. 5p	16	......	Richards 10p	12	......	Irish Distillers	71	+1
Forst & Reed 50p	115	......	RobbCaledon5h.	32	......	Irish Wire	40	......
Gardiner & Sons	11	......	Sayers 12½p	8	......	Jacob	65	......
Gardner (L.)	61	......	Sheffield Brick	64	......	Sunbeam	11	......
			Sheff. Refrshmt.	141	......	Unidare	63	......

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

3-Way Int. Oct. 23	$US2.22		......	—
Int. ManFd Oct. 31	83.4	87.6	......	—
United States Tst. Intl. Adv. Co.				
14, Rue Aldringer, Luxembourg.				
U.S. Tst. Inv. Fnd.	$US11.75		−0.01	1.02
Net asset value Nov. 10.				
S. G. Warburg & Co. Ltd.				
30, Gresham Street, EC2.			01-600 4555	
Cnv. Bnd. Nov. 10	$US8.24		−0.01	—
Energy Int. Nov. 10	$US11.72		−0.04	—
Grsh.St.$Fd Oct. 31	$US6.49		......	—
Warburg Invest. Mngt. Jrsy. Ltd.				
8 Church St., St Helier, Jsy. CI. 0534 35511				
CMF Ltd. Oct. 30	$US9.03	10.29	......	—
CMT Ltd. Oct. 30	£9.79	10.95	......	—
Metals Tst. Oct. 16	£9.38	9.61	......	—
TMT Oct. 9	$US9.25	10.50	......	—
TMT Ltd. Oct. 9	£10.40	10.67	......	—
World Wide Growth Management♦				
10a, Boulevard Royal, Luxembourg.				
World Wide Gth. Fd†	$US10.76		......	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey yield. ● Suspended. ★ Single premium insurance bonds.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅜	94⅞	Exch. 6½pc 1976‡‡	98½		6.60	11.42
97¼	92¼	Treasury 6½pc 1976‡‡	96⅜	+⅛	6.74	11.42
99	97	Victory 4pc 1976‡‡	98⅛		4.04	—
102	96⅞	Treasury 10½pc 1976‡‡	99⅛xd	...	10.59	11.41
95¼	88⅞	Treasury 6¼pc 1977‡‡	94⅜	−⅛	6.55	10.40
94¾	86¼	Electric 3pc 74-77	94¼	−¼	3.17	7.17
103⅛	96⅞	Treasury 11½pc 77‡‡	100⅛	...	11.42	11.05
91⅜	84	Treasury 3pc 77‡‡	91½xd	−⅛	3.28	7.71
91½	84⅛	Transport 4pc 72-77	91⅛	−⅛	4.37	8.49
96⅜	90½	Treasury 9pc 1978‡‡	94⅛	−⅛	9.54	11.82
100⅛	96	Treasury 10½pc 78‡‡	97	−⅛	10.82	11.80
87⅞	79	Exchequer 5pc 76-78‡‡	87⅛	+¼	5.69	9.94
103	94⅞	Treasury 11½pc 79‡‡	99	+⅛	11.60	11.79
80⅛	71⅛	Treasury 3pc 79‡‡	80⅛	+⅛	3.73	9.15
82¼	73⅞	Electric 4¼pc 74-79	82¼	+¼	5.17	9.36
100⅛	94½	Treasury 10½pc 79‡‡	95⅛	+⅛	10.99	11.92
81⅛	71	Electric 3½pc 76-79	81⅛xd	+⅛	4.31	9.23
95	84	Treasury 9pc 1980‡‡	89⅛	+⅛	10.06	12.21
95⅛	89¼	Treasury 9½pc 80‡‡	90⅛xd	−⅛	10.50	12.33
79⅞	68¼	Treasury 3½pc 77-80	79⅛xd	+¼	4.40	9.02
84½	71	Funding 5¼pc 78-80‡‡	84⅛xd	+⅛	6.22	9.55
		Five to Fifteen Years				
95⅞	95½	Treasury 11½pc 1981●	96⅛	+⅛	12.05	12.72
76½	66½	Do 3½pc 79-81	76⅛	+⅛	4.63	9.51
91⅛	72⅞	Do 8½pc 80-82‡‡	86⅛	−⅛	10.11	12.22
104⅜	86⅝	Treasury 12pc 1983‡‡	97⅛	−⅛	12.49	12.84
78	58	Funding 5½pc 82-84‡‡	72⅛	......	7.74	10.93
85¼	61⅜	Treasury 8¼pc 84-86‡‡	80½	......	10.95	12.32
73¼	51⅜	Funding 6½pc 85-87‡‡	66⅝	......	9.78	11.95
76¼	53	Treasury 7¾pc 85-88‡‡	71½	......	11.20	12.79
47¼	32⅞	Transport 3pc 78-88	44⅛	......	6.97	12.77
56⅞	39⅜	Treasury 5pc 86-89	51⅛	......	9.78	12.48
75½	53¼	Treasury 8¼pc 87-90‡‡	66⅛xd	......	12.33	13.51
		Over Fifteen Years				

††BANKS AND HIRE PURCHASE

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
22	12	Alderman Sec 10p	21	......	ф0.67	ф	4.9	ф
235	135	Alexanders D. £1	218	......	c11.66	—	8.2	—
£114	£67	Algemene Fl.100	£94	−1	Qh20%	1.8	3.8	14.6
409	190	Allen Harvey £1	330	......	†13.5	—	6.3	—
142	45	Allied Irish	134xd	......	Q25%	—	4.7	—
77	14	Anglo Costal	50	−2	—	—	—	20.1
185	95	Arbuthnot L. £1	180	......	7.61	—	6.7	—
430	170	Aust. & N.Z. $1	402	+7	†9.09	—	3.5	—
£37	£21¼	BankAmer $1.125	£34⅛	+⅛	Q$1.46	—	0.0	—
40	22½	Bk. Hapoalim I£1	32½	......	Qh9.4%	—	2.0	—
360	120	Bk. Ireland £1	360xd	......	Qh16%	—	4.4	—
£150	£66	Do. 10pc Cv. 91-96	£148	+2	Q10%	—	6.8	—
23	16½	Bk. Leumi AI£1	22	......	Q16%	—	5.2	—
230	180	Bk. Leumi (U.K.) £1	220	......	7.25	—	5.1	—
720	370	Bk. N.S.W. $A2	650	+25	Q28c	—	2.5	—
295	104	Bank Scotland £1	285	−5	†8.31	3.5	4.5	9.7
£71¼	£20⅝	Bankers N.Y. $10	23¼	−¼	Q$3.00	—	0.3	—
325	112	Barclays £1	310	......	†8.29	4.2	4.1	9.0
73	19	Bates (Edward)	42	......	—	—	18.2	—
75	18	Bowring (C.T.)	75	+1	†2.11	2.2	4.3	15.8
235	75	Brown Shipley £1	180	......	6.94	—	5.9	—
265	110	Cater Ryder £1	248	......	14.40	—	9.1	—
13	£	Cedar Hldgs. 20p	13#	......	‡1.4	1.5	‡	—
64	48	Clive Dis'nt 20p	64	+1	3.0	—	7.2	—
285	149	Com'l Aus. ($A1)	265	+5	Q14%	—	3.0	—
£14⅞	£10⅞	Com'zbk DM104	£12⅞	+⅛	Q17%	—	2.4	—
£24	£17½	Chen Hbk Kr100	£23	......	Q11%	—	3.8	—
19	4	Corinthian 10p	6	......	—	—	—	—
£33	£20½	Cred. France F75	£32	......	Q9.7%	—	2.5	—
69	63	Dawes (G. R.)	65	......	5.25	2.9	12.4	4.3
26½	9	Dawnay Day	19½	......	0.5	—	4.0	—
70	25	F. C. Finance	27	......	‡1.57	—	‡	—
11	1½	First Nat. 10p	2¼	......	‡1.05	—	‡	—
5	½	Do. Wrr'ts. 75-83	½	......	—	—	—	—
17½	5½	Fraser Ans. 10p	9	......	0.76	—	13.0	—
310	175	Gerrard Natnl.	290	......	‡13.3	—	7.1	—
51	22	Gibbs (A.)	46	+1	1.65	—	5.5	—
180	62	Gillett Bros. £1	180	......	†6.7	—	5.7	—
29	13	Goode D't Mry 5p	21	......	0.79	1.3	5.8	18.8
78	33	Grindlays	40	......	‡1.69	—	‡	—
186	55	Guinness Peat	183	+3	7.62	—	6.4	—
218	58	Hambros	187	......	7.1	—	5.8	—
—	—	Hawtin 10p	3¼#	......	‡0.67	3.0	‡	1.6
115	23	Hill Samuel	115	+1	3.56	—	4.8	—
£13¼	200	Do. Warrants	£13¼	......	—	—	—	—
252	118	Hong Shng $2.50	248	−1	¶20.8	—	2.4	—
93	40	Jessel Toynbee	75xd	......	4.0	—	8.2	—
240	78	Joseph (Leo) £1	225	......	†6.42	—	4.4	—
85	32	Keyser Ullmann	48	......	1.1	—	3.5	—
65	30	King & Shax 20p	55	......	g3.1	—	8.8	—
126	30	Kleinwort B.L.	116	+1	†3.19	—	4.2	—
265	94	Lloyds £1	242	−1	†6.93	6.0	4.4	5.8
33	18	Manson Fin. 20p	27	......	d3.25	1.3	18.5	6.4
141	39	Mercury Secs.	138	......	2.76	—	3.1	—
305	122	Midland £1	298	+3	‡10.76	2.2	5.6	12.7
£89	£46	Do. 7½% 83-93	£84	......	Q7½%	15.0	19.3	—
£81	£57½	Do. 10¼% 93-98	£73	......	Q10¼%	15.0	e15.8	—
52½	14½	Minster Assets	52½	+1½	12.95	2.3	8.9	8.2
310	80	Nat. Bk. Aust. $A1	310	+17	tQ13½%	—	3.0	—
72	25	Nat. Com. Grp.	68	+1	2.01	5.5	4.5	6.2
275	88	Nat. West £1	250	−3	†8.01	3.2	4.9	9.6

Hire Purchase, etc.

BUILDING INDUSTRY—Continued

DRAPERY AND STORES—Continued

ENGINEERING—Cont.

HOTELS—Continued

INDUSTRIALS (Miscel.)

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 62⅞% (based on $2.0645 per £)

CANADIANS

S.E. List Premium 62⅞% (based on $2.0938 per £)
Conversion factor 0.6142 (0.6127)

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

ELECTRICAL AND RADIO

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

ENGINEERING, MACHINE TOOLS

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Trusts, Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

TRUSTS—Continued

MINES

CENTRAL RAND

1975 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
£14¼	360	Durban Deep R1	390	......	‡Q110c	φ	‡
£14	520	E. Rand Prp. R1	645	−10	‡Q015c	φ	‡
105	28	Rand Leases 2½c	28	......	—	—	—
£34½	£15¼	Randf'tn Est. R2	£18¼	......	—	—	—
500	150	West Rand R1	156	−9	‡Q40c	1.3	‡

EASTERN RAND

1975 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
370	175	Bracken R1	215	......	Q52c	φ	13.5
23	5	Daggafontein 50c	13	......	—	—	—
105	37	East Dag. R1	40	......	‡Q25c	φ	‡
140	6	Grootvlei 25c	140s	......	—	—	—
380	120	Grootvlei 25c	145	......	‡Q32c	1.1	‡
820	410	Kinross R1	455	−5	Q54c	φ	5.6
190	70	Leslie 70c	76	......	Q18c	φ	15.1
550	165	Marievale 70c	210	−5	‡Q84c	1.1	‡
725	200	S. African Ld. 35c	246	−5	‡Q85c	1.2	‡
265	82	Vlakfontein R1	118	+2	Q35c	1.3	16.5
£13¾	720	Winkelhaak R1	840	−5	Q108	φ	7.1
120	36	Wit. Nigel 25c	48	......	—	—	1.4

FAR WEST RAND

1975 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
£11	620	Blyvoor 25	670	−10	Q100c	1.2	8.2
£27½	£12¾	Buffels R1	£15	......	Q160c	1.4	6.7
430	235	Deelkraal R0.20	235	−1	—	—	—
£14¼	610	Doornfontein R1	820	......	Q110c	1.4	7.2
£12¾	725	East Drie R1	950	−10	†55c	φ	3.8
450	200	Elsburg R1	225	......	Q15½c	—	11.2
£31	£15	Hartebeest R1	£18⅝	......	Q215c	1.4	6.3
£13¼	730	Kloof Gold R1	800	......	Q55c	1.4	3.6
£17¼	650	Libanon R1	730	......	Q110c	1.9	8.3
£13¾	600	Southvaal 50c	790	−10	Q9c	0.9	0.6
480	210	Stilfontein 50c	240	+5	‡Q65c	1.3	‡
£33¼	£17	Vaal Reefs 50c	£22½	−½	‡Q120c	1.7	‡
£11½	290	Venterspost R1	380	+10	Q70c	1.9	10.2
£55	£33	W. Drie R1	£39¾	......	Q485c	1.2	6.1
745	275	W'st'rn Areas R1	345	......	†Q70c	1.4	11.2
£23	£13	Western Deep R2	£16¼	......	‡Q160c	1.4	‡
530	290	Zandpan R1	325	+5	Q35½c	1.0	6.1

O.F.S.

1975 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
400	160	Fr. State Dev. 50c	210	......	Q14c	1.6	3.7
£32¾	£19	F.S. Geduld 50c	£22⅝	+½	330c	φ	8.0
265	115	F.S. Saaiplaas R1	140	−8	7.6c	—	2.4
960	550	Harmony 50c	570	......	Q77c	1.8	7.5
575	170	Loraine R1	200	......	Q5c	φ	1.7
£28¼	£17¼	Pres. Brand 50c	£20	......	Q250c	φ	6.9
£25¾	£11¼	Pres. Steyn 50c	£12	−¼	Q125c	φ	5.8
£39¾	£19¾	St. Helena R1	£20½	−½	Q250c	φ	5.7
340	170	Unisel	196	......	—	—	—
525	245	Welkom 50c	325	......	Q55c	φ	9.4
£40	£23	W. Holdings 50c	£27½	......	Q475c	φ	9.9

FINANCE

1975 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
520	313	Ang. Amer. 10c	385	+1	†Q29c	2.0	4.2
£45½	£27½	Ang. Am. Gold R1	£32	......	†Q250c	1.4	4.5
£16¼	850	Ang.-Vaal 50c	£14	......	Q95c	3.7	3.8
205	87	Charter Con.	174	......	6.21	2.2	5.5
290	188	Cons. Gold Field	214	+2	6.7	4.3	4.5
32	17	E. Rand Con. 10p	19	−1	0.92	1.4	7.5
435	230	Geduld Inv. R1	310	......	†Q31c	0.4	6.1
£38¼	£19	Gen. Mining R2	£23	......	†Q210c	2.1	5.1
£39	£20½	G. Fields S.A. 25c	£24½	......	Q225c	1.3	5.1
£27¾	£12	Joburg Cons. R2	£23¾	......	Q165c	2.5	3.8
530	260	Middle Wit 25c	380	−10	Q28c	2.0	4.1
315	182	Minorco $BD1.40	193	+1	Q14c	—	4.0
305	140	New Wit 50c	185	−7	Q20c	1.6	6.0
£11	715	Patino NV Fls.5	715	−15	QC40c	10.5	4.7
£11	660	Rand Selection 50	775	−5	Q75c	φ	5.5
695	485	Selection Trust	520	+8	14.0	2.0	4.1
450	225	Sentrust 10c	240	−5	Q30c	1.2	6.9
81	27	Silvermines 2½p	49	+1	‡a4.0	1.6	‡
170	120	SW Africa 20p	130xd	......	17.87	2.0	21.2
£14	560	T'vaal Cons. Ld R1	£12	......	Q65c	φ	0.0
475	250	U.C. Invest R1	290	......	Q36c	1.2	6.9
580	355	Union Crp. 6.25c	425	+5	Q42c	1.6	5.5
£23	13	Vereeniging (R2)	£22¼	+¼	Q[illegible]15	φ	2.8
105	30	Vogels 2½c	86	−2	Q6c	1.0	3.9

DIAMOND AND PLATINUM

1975 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
£35	£15¼	Anglo-Am. Inv. 50c	£32¼	+¼	Q290c	1.0	5.0
146	48	Bishopsgate Plt. 10c	94	......	Q3.1	φ	1.8
333	161	De Beers Df. 5c	320	+2	Q25c	2.2	4.3
£17	£11½	Do. 40pc Pf. R5	£15	......	1.10	155	7.2
152	80	Lydenburg 12½c	110	+2	Q2.9c	φ	1.5
248	100	Pot. Plat. 2½c	175	−3	Q5c	φ	1.6
212	94	Union Plat. 10c	160	+2	Q4.96c	φ	1.7
212	95	Waterval 5c	160	+3	Q5.2c	φ	1.3

CENTRAL AFRICAN

1975 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
345	150	Coronation 25c	185	......	Q34c	φ	10.2
250	160	Falcon Rh. 50c	165	......	tQ35c	φ	—
52	38	Globe Phnix 12½p	40	......	1.25	φ	4.8
24	15	Rho.-Corp. 16⅔p	17	......	Q5	8.0	4.9
440	200	Roan Cons. K4	205	−5	Q16.0	φ	7.8
230	92	Tanganyika 50p	158	......	‡Q26	1.2	‡
75	60	Do. Pref. 80p	65	......	Q9	18.0	11.6
38	26½	Wankie Col. Rh.1	36	......	Q6½c	φ	10.9
70	31	Zam. Cpr. SBD0.24	39	+1	Q1.90	3.2	4.9

AUSTRALIAN

1975 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
28	10	Acmex 25c	24	+1	—	—	—
138	95	A. M. and S. 50c	123	+1	‡Q14c	1.5	‡
122	74	Bougainville 50c	84	......	Q27½c	3φ	‡
242	145	BH South 50c	170	+10	—	—	—
215	70	Gold M. Kalg. $1	80	......	—	—	—
85	36	Gt. Boulder 10c	70	+1	φQ2c	2.8	1.6
137	70	Hamptn Areas 5p	86	+4	1.18	4.2	2.1
115	30	Metals Ex. 50c	36	+2	—	—	—
43	14	Metramar 20c	20	......	—	—	—
246	117	M.I.M. Hldgs. 50c	212	+18	Q10c	1.8	2.7
135	80	M. Lyell 25c	85	......	Q5c	φ	3.4
3	1½	Newmetal 10c	2½	......	—	—	—
155	102	North B. Hill $1	145	+7	Q9c	1.4	3.5
16½	7	North Kalg. 30c	10	−1	—	—	—
88	47	Oakbridge $A0	88	+4	Q8c	0.9	5.2
21	8	Pacific Copr. 25c	20	+2	—	—	—
790	220	Pancont'l 25c	750	+35	—	—	—
25	9	Paringa M&Ex 5p	10	......	—	—	—
465	235	Peko-Walls'd 50c	465	+25	Q15c	φ	1.8
345	145	Poseidon 20c	170	+5	—	—	—
4	2	Scamander 25c	4	......	—	—	—
26	8	Vultan Min. 50c	10	......	—	—	—
6	4	Westmex 10c	5	......	—	—	—
214	137	W. Mining 50c	155	+16	‡Q8c	0.8	3.8
50	26	Whim Creek 20c	26	......	—	—	—

TINS

1975 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
56	32	Amal. Nigeria	40	......	5.62	1.6	21.6
161	77	Ayer Hitam	148	+1	13.0	φ	13.5
36	10	Beralt Tin	13½	......	—	—	—
424	268	Berjuntai SM25	325	......	Q5M2	φ	10.8
18	13	Ex Lands 10p	15	......	15	3.8	15.4
246	153	Geevor	155	......	12	2.3	11.9
18	9	Gold & Base 12½p	9	......	—	—	—
288	157	Gopeng Cons.	187xd	......	‡14.25	φ	‡
73	55	Hongkong	62	......	—	—	—
58	40	Idris 10p	55	......	6.7	2.2	18.7
11	7	Jantar 12½p	8	......	—	—	—
68	41	Kamunting 15p	45	......	7.0	1.2	23.9
165	135	Killinghall	135	......	48	—	13.7
192	106	London Tin 20p	155xd	−2	7.0	1.3	7.0
220	93	Malay Dredging	182	......	g43.9	1.6	9.3
41	22½	♦Pahang	37	......	Qb2.6	φ	10.8
65	41	Pengkalen 10p	46xd	......	7.0	1.0	23.4
103	75	Petaling SM1	103	+3	—	—	—
23	8	Saint Piran	18	......	0.63	3.5	5.4
135	68	South Kinta (10p)	102	......	9.5	1.5	14.3
180	73	Sthn. Malayan	142	......	g43.9	1.4	11.9
83	40	Sungei Besi 20p	40	−2	‡6.0	3.0	‡
43	29	Sungei Wai SM1	29	......	ZQ10	—	6.0
84	48	Tanjong 15p	50	−2	4.35	2.3	13.4
75	50	Tongkah Hb $M1	53	......	‡Q30	1.3	‡
95	42	Tronoh	64	......	†4.02	3.5	9.7

COPPER

1975 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
112	52	Botswana RST P2	54	......	—	—	—
390	196	Messina R0.50	300	+5	tQ35c	2.9	6.4

MISCELLANEOUS

1975 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
8½	3	Burma Mine 17½p	8	......	m0.5	—	1.7
65	17	Chaterhall 5p	42½	−1	—	—	—
115	40	Colby Mines $1	70	......	—	—	—
760	360	Cons. Murch. 10c	750	−10	‡Q130c	2.2	‡
53½	29½	Laurasia	43	......	—	—	—
375	200	Northgate C$1	240	+5	Q65c	1.0	13.0
211	80	R.T.Z.	186	+4	g5.51	4.4	4.6
135	47½	Sabina Inds. C$1	100	+4	—	—	—
81	45	Stanford Mines$	45	......	—	—	—
£12½	874	Tara Exptn. $1	£10⅜	......	—	—	—
78	38	Yukon Cons. C$1	69	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- φ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1974-75. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 33

FINANCIAL TIMES
Wednesday November 12 1975

Industrial output down to 1960's level

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

A FURTHER drop in production during the third quarter has brought the U.K. industrial output down to the level of the late 1960s.

Since the first quarter of this year, industrial production has been below the levels reached during the three-day week early in 1974. But in July-Sptember output was lower than in any other quarter of the decade, with the exception of early 1972, when the figures were affected by the miners' strike.

New output statistics published by the Government yesterday, however, show that the pace of decline in production slowed down considerably in the third quarter.

After adjustments, because many of the production figures represent records of deliveries, the estimated drop in industrial output between the second and third quarters is ¾ per cent., compared to the 5½ per cent. plunge between January-March and April-June.

It looks as though companies were still running down their stock levels in July-September, although certainly at a much slower pace.

The big question now is whether the bottom of the recession has been reached, or whether there is a further decline in prospect. At present, nobody is quite certain of the answer.

Forward indicators used by the Central Statistical Office suggest that the turn *may*, if past experience is an accurate guide, come early next year. And this would be consistent with the somewhat greater confidence among industrialists about output and order trends shown by last week's Confederation of British Industry survey.

A key point is the behaviour of stocks, which are highly cyclical and have proved the bane of many a forecaster in the past. At present Whitehall opinion seems to be divided between those who think the destocking process will come to an end in the current quarter, and those who see it continuing into 1976.

At present there are few visible signs of restocking in industry.

Despite the recent slackening in the pace at which output is falling, the sheer size of the decline earlier this year means that in the third quarter industrial output was running a full 8 per cent. below the level of the third quarter last year.

At 99.6 the official all-industries index was 0.5 per cent. below the second quarter level, and under the base of average 1970 = 100.

*There was an apparent im*provement during the quarter—between August and September the index went up from 99.0 to 99.8. But apart from the usual problem of trusting month to *month movements in this volatile* index, there is the additional point that the very hot weather in August deflated the output of public utilities considerably: and this was not fully allowed for by the seasonal adjustments.

The third quarter breakdown shows a continuing decline in the output of the engineering and allied industries (down 1.5 per cent.) and metal manufacture (down 1.4 per cent.).

The chemical sector output recovered by 2.6 per cent., however—with a particularly large jump in September—and in the textile and clothing industries there was a 1.5 per cent. rise.

A sector analysis shows that, whereas the capital goods industries and their suppliers shared in the general decline during the quarter, the output of consumer goods industries showed a slight recovery of 0.5 per cent.

INDUSTRIAL PRODUCTION

Production 1970 = 100

		All Ind.	Mnfg.
1973	1st	110.1	110.3
	2nd	109.8	110.4
	3rd	111.1	112.0
	4th	109.8	110.9
1974	1st	104.0	106.3
	2nd	107.9	109.6
	3rd	108.4	109.9
	4th	105.3	106.1
1975	1st	104.4	105.7
	2nd	100.1	100.2
	3rd	99.6	99.6
	July	100.1	100.2
	Aug.	99.0	99.0
	Sept.*	99.8	99.6

* Provisional.
All figures seasonally adjusted.

Healey stresses need for cuts in public spending

BY PHILIP RAWSTORNE

THE NEED for substantial *public expenditure cuts over* the next few years was strongly underlined last night by Mr. Denis Healey, Chancellor of the Exchequer.

He told the Parliamentary Labour Party that even to hold next year's level of public spending over the following two years would mean that the average worker would have to pay about 50p in tax and contributions from every extra pound he earned.

With tax rates already biting deeply into the earnings of even the low-paid, the Chancellor said that the Government would be unable to afford any significant increases in public expenditure between 1977-79

If the Government were to increase the funds already allocated for its industrial policy—as many Labour Left-wingers have urged—then the money would have to be found by even greater cuts in other fields, he said.

The Chancellor, replying to a party debate on the economy in which his policies received rather more support than criticism, said that he was prepared to see public spending increased in only one area—industrial training and retraining.

Claiming that there were signs of the recession "bottoming out." Mr. Healey said that the Government recognised its duty to reduce unemployment to the lowest possible level. He predicted that measures already taken would reduce unemployment among school-leavers to normal levels by Christmas.

The Government was looking at other ways of reducing unemployment, he said. On import controls: "We are prepared to use short-term selective import controls where we are satisfied this is necessary to preserve firms or sectors of industry which will be viable when recovery is under way, but could otherwise be wiped out by external competition during the recession."

But the Chancellor repeated that he could not reflate demand until "the success of the £6 limit is full established in the minds of those at home and abroad on whose confidence our economy depends."

Mr. Healey claimed that if world prices did not increase more than expected there was a good chance that the rate of inflation would be reduced to single figures by the end of next year.

Ford plan for economic monitor revealed by Kissinger

BY DAVID BELL

WASHINGTON, Nov. 11.

PRESIDENT FORD will propose that Finance Ministers of the countries attending this weekend's economic summit in Paris should meet at regular intervals to monitor the progress of economic recovery, Dr. Henry Kissinger, U.S. Secretary of State, disclosed to-night.

He told an audience in Pittsburgh that President Ford intends to put forward a plan that will co-ordinate, consolidate, and monitor the economic recovery of the industrialised world, a recovery now the central concern of U.S. foreign policy.

At the same time, Dr. Kissinger said Mr. Ford would place particular emphasis on the overriding need to resist pressures to impose trade restrictions. A new trade policy was needed which would allow for the smooth expansion of world trade.

"The economic summit should seek explicitly to expand world trade through joint efforts in economic policy. We plan to put forward specific goals for trade negotiations," he said. Such a plan was urgently needed because the present recession was now subjecting Governments to intense domestic pressures to impose trade curbs.

Expansion

Such restrictions, he went on, would create political friction *among allies and seriously harm* the present trade negotiations.

The expansion of world trade had to be a joint effort, but Dr. Kissinger said President Ford recognised the right of each nation to fix its own exchange rates, "provided it respects international obligations to avoid capital restrictions and competitive devaluations."

Turning to the U.S. economy, Dr. Kissinger said other countries would soon begin to feel the effects of the strong economic recovery now under way.

"In the U.S. view, the summit should set as our goal generalising the recovery during 1976 among the major industrial countries. We should seek to restore vigorous sustained expansion and high employment by 1977."

State Department sources indicated that the Heads of State of the other countries attending the summit — Britain, West Germany, Italy, France and Japan — had already been informed about the new U.S. initiative.

It was not expected that any specific decisions would be taken beyond the establishment of follow-up machinery.

But the administration considers the meeting important if only to provide an antidote to the present economic gloom and to show that the industrialised world is not going to be overwhelmed by a situation it cannot surmount.

Five more resign from Haw Par Brothers Board

BY MARGARET REID

THE RECENTLY - STARTED alteration in the Board of the Singapore - based Haw Par Brothers International, which was formerly controlled by Slater Walker Securities, became almost complete yesterday when five *directors resigned*.

With two exceptions, the Board has now changed totally since Mr. Jim Slater resigned on October 26 as chairman of SWS, referring to adverse publicity connected with the Singapore inquiries into Haw Par.

The present Board, to which the new chairman, industrialist Mr. Michael Fam and four bankers were appointed on October 31 at the initiative of the Singapore Monetary Authority, yesterday accepted the resignation of Mr. Ronald Brand, both as a director and employee of the group.

Mr. Alan Johnson-Hill, Mr. Ong Beng Seng, Mr. Thomas Rendall and Mr. John Scothorne also resigned as directors but remain as executives.

Only two directors remain of those who presided over Haw Par before October 31. They are Mr. Neil Clarke, representing Charter Consolidated, which has 12.3 per cent. of Haw Par, and Mr. Robert Booker.

Mr. Booker was acting chairman between July 26 and October 31 and previously alternate to the non-executive chairman Mr. James Gammell, who resigned on July 26 and whose Ivory and Sime Edinburgh investment group also holds a 12.3 per cent. stake in Haw Par.

Mr. Donald Ogilvy Watson and Mr. Ian Tamblyn, resigned as *managing director and deputy* managing director respectively at the same time as Mr. Gammell.

A number of British businessmen formerly connected with Haw Par, including Mr. Ogilvy Watson and Mr. Tamblyn, have, as already reported in the Financial Times, been asked to be in Singapore before November 15 to answer possible criticisms against them which may appear in the report of the inquiry into the company.

The request was made by Mr. Graham Starforth Hill, who recently resigned as one of the inspectors conducting the inquiry, which is now being continued by the other inspector, Mr. Philip Grundy.

Submissions

It was learned yesterday that certain written submissions have already been made to the inquiry on behalf of Mr. Ogilvy Watson and that further submissions will be made later.

It is understood that the inspectors earlier indicated the inquiry's report is also likely to cover Spydar Securities (Hong Kong). This was the Hong Kong company which carried out investment on behalf of its shareholders, Mr. Jim Slater, Mr. Richard Tarling, formerly chairman of Haw Par, Mr. Ogilvy Watson, Mr. Tamblyn, Mr. Johnson-Hill and Mr. Patrick Goodbody, and which distributed some £900,000 when it was wound up.

The inquiry is also believed likely to cover certain share option arrangements and in addition, the Melbourne unit trust, through which certain large capital profits made by Haw Par where held, for later transfer in stages into the company's profits.

There was no comment yesterday from Mr. Slater's advisers on whether he had responded to any request that might have been made for any evidence to the inquiry. Mr. Tarling had no comment to make on any matter connected with the inquiry.

PM attacks 'Luddite' Chrysler Board

BY PHILIP RAWSTORNE

MR. HAROLD WILSON, in a bitter outburst in the Commons, yesterday condemned the Chrysler Corporation's management as "Luddites."

He told MPs: "The situation we have been presented with is something which, when all the facts are known, will turn out to be distasteful to MPs in all parts *of the House.*"

The Prime Minister's remarks, following his comment last week about Chrysler's "pistol at our heads," clearly reflect the Government's difficulty in finding a solution to the dilemma presented by the company.

Many MPs interpreted Mr. Wilson's attack on the Chrysler Board yesterday as a sign that the Government will, at best, be able to mount only a limited salvage operation with an inevitably substantial loss of jobs.

The Prime Minister reacted angrily yesterday to Tory suggestions that the Government's new approach to industrial strategy could not be taken seriously if it made any attempt "to prop up a proved failure," like Chrysler.

"It is jobs we are talking about," he retorted. "Many thousands of people."

Our Labour Staff writes: Joint management-union action committees were proposed last night in a late attempt to stave off the threat to Chrysler car workers' jobs in this country. The unusual step was one outcome of a 4½-hour meeting between senior company management and about 100 national and local union representatives in Coventry.

Union leaders who were no more optimistic following the talks, said they would be pressing for an urgent meeting with Government Ministers on Chrysler's future and urged that Mr. John Riccardo, chief executive of the Chrysler Corporation, should meet them on his next visit to Britain.

Mr. Bob Wright, a member of the Amalgamated Union of Engineering Workers' national executive, said that the setting up of the joint action committees was taking place as a matter of urgency with the immediate task of "saving the jobs of Chrysler employees in this country."

Industrial relations and production problems will be considered by the proposed joint committees which union leaders took great pains to stress were not seen as an alternative to the company's worker participation proposals these have been somewhat pushed into the background by the company's financial plight.

Because of the delicate stage reached in negotiations on the U.K. company's future between the British Government and Mr. Riccardo, no details were available for yesterday's meeting although the unions were promised a further meeting once facts were available.

Parliament Page 13

Cash still pours into building societies

BY MICHAEL CASSELL

Savings continued to pour into building societies at near-record levels last month. If the trend continues, there is some chance of a reduction in interest rates in the early part *of 1976*.

No one in the movement is suggesting that any changes are imminent. But a number of building society executives are beginning to suggest that if the societies' unparalleled run of success continues well into next year, they could be forced to take some of the heat out of the situation.

Faced with high monthly inflows of money, societies have throughout 1975 been steadily increasing the level of advances made and even higher lending quotas can be expected in the next few months.

But, bearing in mind the supply situation—and the societies commitment to help keep down house prices to a reasonable level—the scope for any further substantial expansion of lending programmes is limited.

At the same time, the movement has for much of this year been happy to build up liquidity to a historically high point: a move which has been to their advantage so far, given the situation in the money and *gilt markets. Societies never*theless feel there is a limit to how high liquidity should go, and with the average now standing at around 20 per cent., many feel the limit has been reached.

Some smaller societies are already understood to be ex*periencing difficulties in finding* enough customers for the mortgage funds they have available. While this situation is by no means common, it is a development which could add strength to the arguments of those who say that the flow of money into societies will soon have to be moderated.

Faced with a surplus of funds — which societies are anxious to stress is not yet the case—the traditional step would be for a reduction in the interest rate paid to investors—it went down by ½ per cent. to 7 per cent. *net in June* —and possibly a corresponding reduction in the mortgage rate.

Continued from Page 1

Australia heads for bitter poll campaign

Leaders of the Liberal and National Country parties were meeting to consider the form of the interim administration, expected to be formed by the swearing *in as Ministers of 10 or* 12 senior members rather than a full ministry of 27.

Sir John Kerr said in his statement: "It has been necessary for me to find a democratic and constitutional solution to the current crisis which will permit the *people of Australia to* decide as soon as possible what should be the outcome of the deadlock which developed over supply between the two houses of Parliament, and between the Government and the opposition parties.

"The only solution consistent with the constitution and with my oath of office and my *responsibilities*, authority and duty as Governor-General is to terminate the commission as Prime Minister of Mr. Whitlam and to arrange for a caretaker Government able to secure supply and willing to let the issue go to the people."

Mr. Whitlam claimed that at the time Sir John Kerr acted to install Mr. Fraser and dissolve the Parliament, the supply crisis was, in fact over, and the House of Representatives had already voted down a Fraser administration

"I am the first Prime Minister to be treated this way in 200 years (since George III sacked Lord North), he said. "I have never known so clear-cut an issue as it is now. It is what could happen to any government in Australia. Parliamentary democracy is at stake here."

Australian investors went on a wild buying spree this after*noon after Sir John Kerr dis*missed Mr. Whitlam.

In confused trading, the market actualy fell in the morning, and news of the Governor-General's intervention did not reach hte market until shortly after 2 p.m In the remaining hour of trading, prices soared in the most frantic trading scenes since the days of the mining boom.

Harassed operators had to call up staff from their city offices to cope with the flood of orders.

For the day, the Sydney All Ordinaries Index jumped 17.32 or 4.31 per cent. to 419.59.

Our Foreign Staff adds: White*hall sources yesterday empha*sised that the Australian Governor-General did not consult the Queen or the British Government before making his move against Mr. Whitlam; the Queen was merely informed of it yesterday morning. They expressed some relief that Mr. Whitlam has clearly separated the Queen from his quarrel with her representative in Canberra.

Should Mr. Whitlam win the election and then decide on some measure of constitutional reform — perhaps replacing the Governor General with a president with limited powers to call *Parliamentary dissolutions* — there would be no legislative obstacle at Westminster, and Australia could, of course, still remain part of a Commonwealth that embraces many republics.

THE LEX COLUMN

Novel funding by British Steel

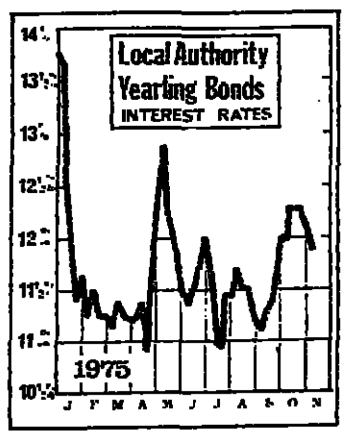
A target figure of around £75m. makes British Steel's current fund-raising efforts look ambitious as well as novel. The idea is that BSC will effectively sell steel to the institutions, with an undertaking to buy it back in the three years to 1979. The institutions will receive an annual return linked to the RPI, with some kind of kicker on repayment dates linked to the price of steel. No quoted securities will be involved, but there are *provisions to allow* for early repayment at a penalty to the lender: it is not clear whether it will be possible to make a market in BSC's liabilities.

The scheme could hardly *have got as far as it has with*out the blessing of the authorities—which contrasts with frosty official attitudes to index linked schemes proposed by the private sector over the past year—and it has presumably also been cleared by the Inland Revenue. This is crucial for the gross funds, which could be liable to pay tax if this were deemed to be a trading operation. In fact the pension funds appear to be more enthusiastic about the proposals, than the *insurance companies, some of* which are actively hostile. Their worries include the short life of the scheme, the political connotations of the RPI, and the outlook for steel prices during a recession. All the same the suggestion is that the scheme is already a good way down the road towards meeting its targets, and the hope is that formal details may be available next week.

For BSC, a figure of £75m. does not represent much more than a week's turnover. But if the money can be treated as off-balance sheet finance, which seems possible, it could have an important bearing on its borrowing limitations. These were set at £1½bn. under the *1972 Iron and Steel Act*: borrowings ranking for this purpose totalled £751m. last March, but with losses currently running at an annual rate of around £½bn. and very heavy capital commitments, BSC could well be running up near to its limits this year. This is obviously another point which potential subscribers want to discuss.

The plan is apparently the brain child of brokers Hichens Harrison and Company, a six-member firm not normally associated with fund raising on this scale. Merchant banks and the major brokers have been messing about with index linking ideas for well over a year now, so if this scheme works it will represent a real feather in Hichens' cap.

Index rose 2.8 to 370.2



Brazil fund

The inflow of foreign capital on to the *Brazilian stock mar*kets has not been nearly as large as some of the bullish *local estimates in May following* the easing of controls on overseas portfolio investment. This is partly because of legal and registration obstacles for U.S. investors, so Brazil Fund, whose prospectus is going out to-day, is only the third approved fund. It will probably increase the total foreign capital invested there to about $35m. The new Fund has already had $9m. guaranteed by its sponsoring group of Foreign and Colonial, Murray Johnstone, Touche Remnant and Vickers da Costa, in association with Scottish United Investors, with hopes of boosting this to over $15m. It differs from the other British fund, launched in July by James Capel, mainly in its management structure and its rule against redemptions for eight years to maximise tax benefits. The Capel fund is now about half invested and is currently being traded in London at a premium of about *14 per cent. The interest so far* has been limited principally to institutions by the obvious political and economic risks and a minimum unit of $10,000.

Minster Assets

Minster Assets is 22 per cent. ahead at £2.53m. pre-tax for the first half of 1975. The insurance side is down but this shor is comfortably covered by vestment income and the g is rapidly cutting its losse aviation and investment b ing. For the year British land Airways could be ou the red altogether, and up to 52½p last night the sh have now risen a full 45 cent. in less than two mo

That time scale starts with placing of Hutchison's 18 cent. stake in Minster. But group is *heading for some* ful earnings growth this and the dividend is going Profits for the past 12-mo alone point to 7p a s (taking tax at 57 per cent.) dividend cover of 2.3 times; at the top end market mates add an extra 1p or this figure. Next year Mi will be minus a turnroun aviation, which could be w £400,000 pre-tax to 1975; an growth of investment in is now slowing. But the sh *yield a prospective 8.9 per* and the net worth of the i ance side has recovered to £ for a solvency margin of o third.

Brixton

The days of cheap fixed long-term commercial mort may be gone for ever, but have still been a numbe property funding experim from those companies wi liquidity worries which wanted to expand again. E mere, among others, has duced a rights issue, Slough combined this wi ten-year loan from Financ Industry. The latest vari from Brixton Estate—is *to the traditional model in* £5m. is being made availab ten years at a rate linke Treasury 12 per cent. 19 formula which currently cates 11.8 per cent., and is at least two points cheaper FFI. Royal Insurance is m the loan and is in turn granted a share option per cent. above the current for less than a 4 per cent sible equity dilution. Roya had similar option deals i past, though combined long-term mortgages: might now cost 16¼ per and involve an unaccep long view on rates for borrower. The proceeds o new loan will be inv mainly in industrial pro where immediate returns on first-class developr should be in the early te

Weather

U.K. TO-DAY

BRIGHT SPELLS, showers or rain in S.W. areas and Scotland.

London, E. and N. England, Midlands, N. Wales

Mainly dry bright spells. Early fog. Wind S.E., light or moderate. Max. 10C (50F).

S.W., Cent. S. England, S. Wales, Channel Is.

Cloudy, rain later. Wind S.E. to E., fresh or strong. Max. 13C (55F).

Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth, N.E. Scotland

Showers, bright intervals. Wind S.E., moderate. Max. 9C (48F).

Lakes, I. of Man, S.W. and N.W. Scotland, Glasgow, Argyll, N. Ireland

Bright spells. Showers at first. Wind S.E., light or moderate. Max. 10C (50F).

Outlook: Showers.

Lighting-up: London 16.37. Manchester 16.39. Glasgow 16.37. Belfast 16.59.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Alexndria.	C	24	75	Madrid	C	13	55
Amsrdm.	Fg	4	39	Manchstr.	C	7	45
Athens	S	21	70	Melbourne	C	18	64
Barcelona	S	16	61	Mexico C.	S	19	66
Beirut	S	22	72	Milan	Fg	6	43
Belfast	C	8	46	Montreal	S	13	55
Belgrade	C	6	43	Munich	C	5	41
Berlin	C	4	39	Newcastle	C	5	41
Birmghm.	F	7	45	New York	S	14	57
Bristol	S	10	50	Oslo	C	2	36
Brussels	S	5	41	Paris	F	9	48
Budapest	F	6	43	Perth	C	26	79
B. Aires	S	20	68	Prague	C	6	43
Cairo	S	26	79	Reykjavik	R	9	48
Cardiff	C	9	48	Rio de J'o	C	27	81
Cologne	S	9	48	Rome	F	16	61
Copnhagn	C	9	48	Singapore	C	28	82
Dublin	C	7	45	Stockholm	Fg	1	34
Edinb'gh	C	8	46	Strasb'rg	C	5	41
Frankfurt	C	7	45	Sydney	C	22	72
Geneva	C	7	45	Tehran	R	5	41
Glasgow	C	7	45	Tel Aviv	S	22	72
Helsinki	C	4	39	Tokyo	C	14	57
H. Kong	C	24	75	Toronto	C	18	64
Jo'burg	R	21	70	Vienna	C	3	37
Lisbon	C	17	63	Warsaw	S	5	41
London	S	10	50	Zurich	C	4	39
Luxembg.	S	6	43				

HOLIDAY RESORTS

Ajaccio	S	17	63	Jersey	S	10	50
Algiers	S	25	77	Locarno	F	10	50
Biarritz	C	19	66	Majorca	S	19	66
Blackpool	C	6	43	Malaga	C	18	64
Bordeaux	F	12	54	Malta	S	22	72
Boulogne	S	7	45	Nairobi	C	25	77
Casablnca.	C	20	68	Naples	S	17	63
Cape Town	S	26	79	Nassau	S	29	84
Corfu	S	19	66	Nice	F	14	57
Dubrovnik	F	16	61	Nicosia	F	22	72
Faro	C	21	70	Oporto	C	17	63
Florence	F	14	57	Rhodes	S	20	68
Funchal	F	21	70	Salzburg	C	4	39
Gibraltar	C	18	64	Tangier	C	22	72
Guernsey	S	9	48	Tenerife	S	20	68
Innsbruck	S	8	46	Tunis	F	20	68
Inverness	C	7	45	Valencia	F	16	61
I. of Man	C	8	46	Venice	S	11	52
Istanbul	F	13	39				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Fg—Fog.

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